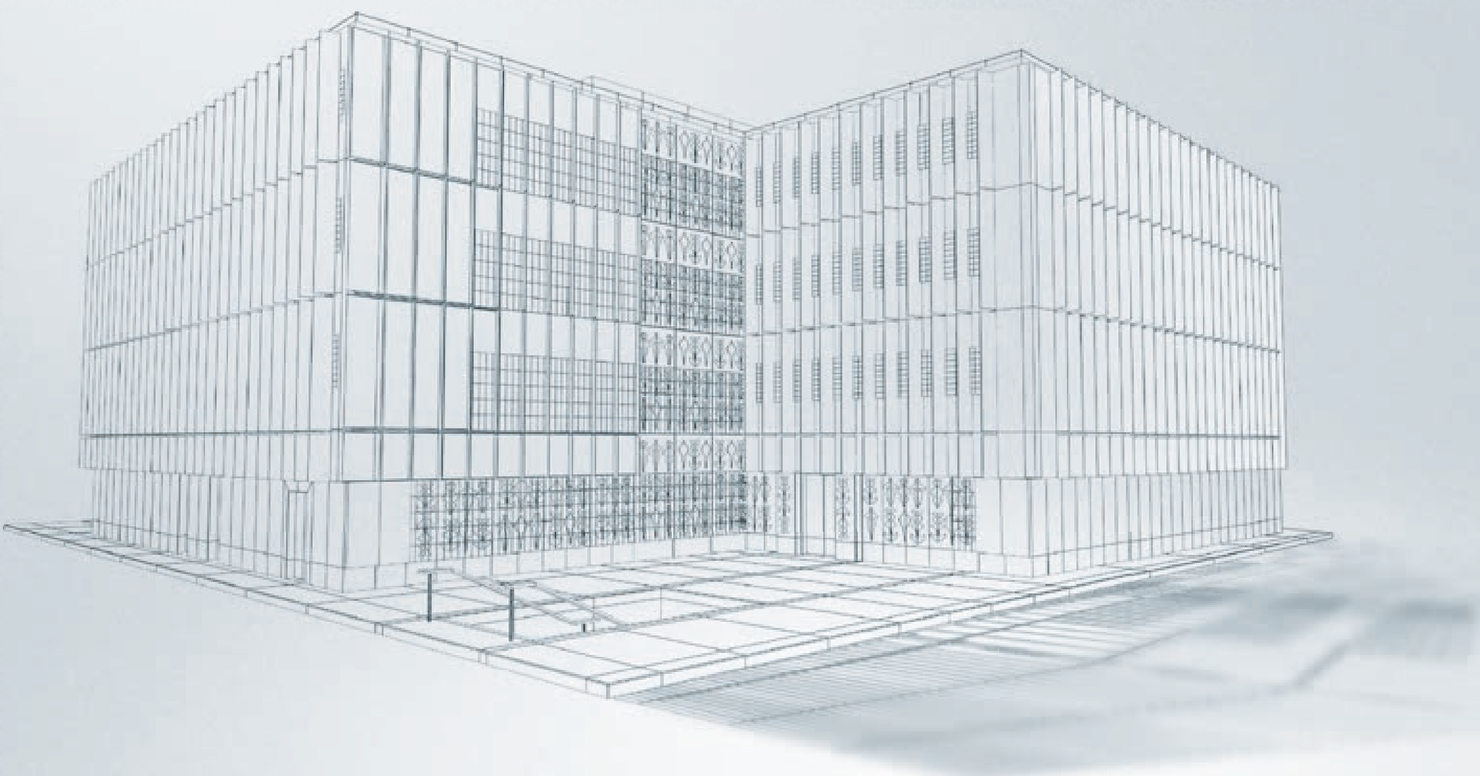
HENDERSON OPPORTUNITIES TRUST PLC

Annual Report for the year ended 31 October 2014



MANAGED BY
Henderson
GLOBAL INVESTORS

Contents

The image on the front cover is based on the biochemistry department at Oxford University. The Company's portfolio includes several biochemistry and technology stocks which started life as university research projects.

Strategic Report

Overall, despite the turbulence in the year ended 31 October 2014, we have comfortably outperformed our benchmark as we have also done over 3 and 5 years.

George Burnett, Chairman

Total return performance (including dividends reinvested)

	1 year %	3 years %	5 years %
Net asset value per ordinary share[1]	3.4	87.4	121.8
FTSE All-Share Index	1.0	36.2	61.0

1 Source: Morningstar for the AIC using cum income fair value NAV for one and three years and capital NAV plus income reinvested for five years

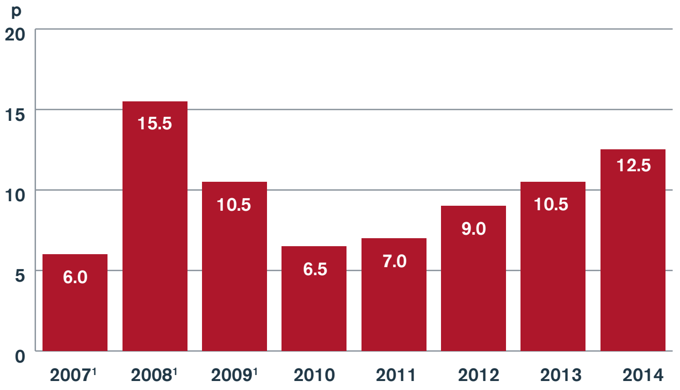
Strategic Report: Performance Highlights

Total return performance (including dividends reinvested)

	1 year %	3 years %	5 years %
Share Price[1]	9.3	131.9	161.8
Net asset value per ordinary share[2]	3.4	87.4	121.8
AIC UK All Companies Sector (Peer Group) Average – net asset value[3]	0.6	59.9	89.9
FTSE All-Share Index	1.0	36.2	61.0

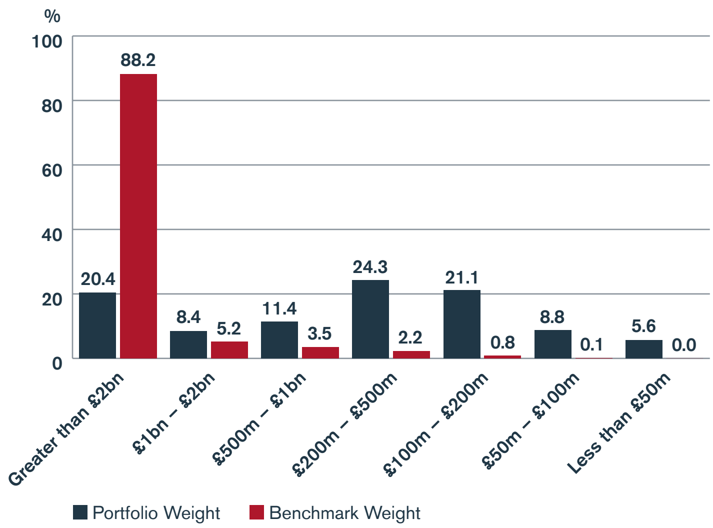
1 Source: Morningstar for the AIC
2 Source: Morningstar for the AIC using cum income fair value NAV for one and three years and capital NAV plus income reinvested for five years
3 Size weighted average (shareholders' funds)

Historical dividend



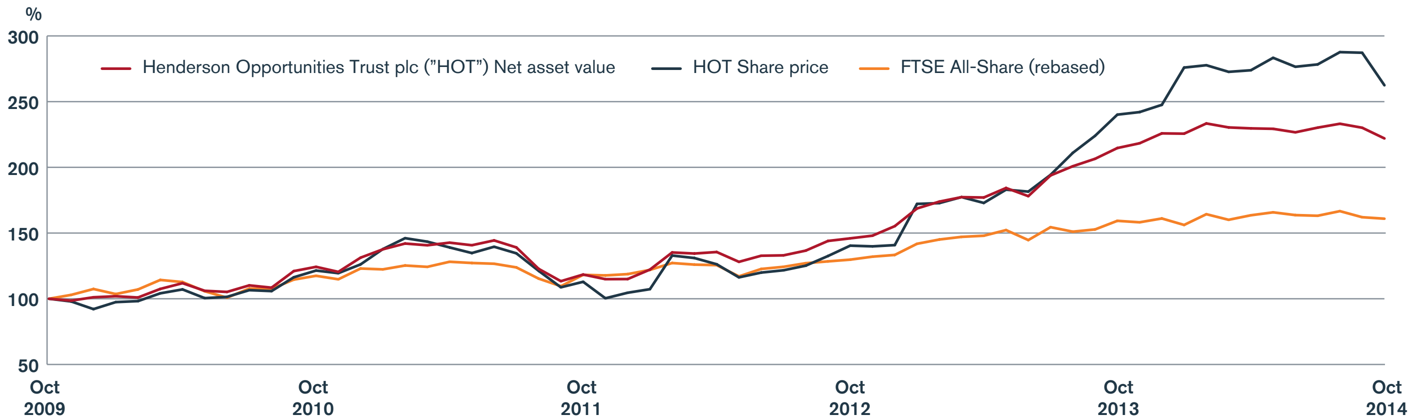
1 These distributions included exceptional VAT refunds

Market capitalisation of the portfolio at 31 October 2014



Share price, net asset value and the FTSE All-Share Index (total return) from 1 November 2009 to 31 October 2014

This chart illustrates how the share price, net asset value and benchmark index have changed over 5 years, rebased to 100.



Source: Henderson Global Investors Limited and Datastream

Strategic Report: Performance Highlights (continued)

	2014	2013
Share price total return	9.3%	71.0%
Share price at year end	869.5p	805.0p
NAV per share at year end	903.7p	884.3p
Total return	30.2p	284.8p
Dividend for year	12.5p	10.5p
Dividend yield[1]	1.4%	1.3%
Net gearing at year end	13.9%	14.2%
Discount at the year end[2]	3.8%	9.0%
Ongoing charge for year excluding the performance fee	1.02%	1.00%
Ongoing charge for the year including the performance fee	1.22%	1.00%

1 Based on the share price at the year end
2 Calculated using published daily NAVs including current year revenue
A glossary of terms is available on page 19
Sources: Morningstar for the AIC, Henderson, Datastream

Strategic Report: Chairman's Statement

The Chairman of the Company, George Burnett, reports on the year to 31 October 2014

Review of Performance

Taken as a whole, the year ended 31 October 2014 was a relatively quiet one in performance terms. The Net Asset Value (NAV) total return (i.e. including dividends reinvested) rose 3.4%, while the FTSE All-Share Index, our benchmark, returned 1.0%. On page 9 we show the major stock contributors and detractors as well as how the largest 20 holdings performed. This apparent calm disguises the fact that, after a very strong first half, the latter part of the year saw a fall back in performance as the markets turned somewhat negative and retreated into conventional 'safe' stocks. An analysis of the underlying stocks in the portfolio shows that despite any fall in their share price, earnings growth continues to be strong.

Overall, despite the turbulence in the year ended 31 October 2014, we have comfortably outperformed our benchmark as we have done over the longer term as the table on page 2 demonstrates.

Earnings & Dividends

The revenue return for the year was 15.17p, which compares with 12.53p last year. The final dividend, subject to shareholder approval, will be 8.8p making 12.5p for the year compared to 10.5p last year, an increase of 19%. The final dividend will be payable on 31 March 2015 to shareholders on the Register of Members as at 20 February 2015, subject to shareholder approval at the AGM. The ex-dividend date will be 19 February 2015. The dividend cover of the underlying holdings has increased over the last few years which encourages us to believe that their dividend growth should now advance in line with profit growth. We in turn expect our dividend growth to continue to be satisfactory even if market conditions make it more difficult for the portfolio stocks to show as strong a profit growth as they have over the last few years.

Expenses

The ongoing charge excluding the performance fee, for 2014 was 1.02% of the daily average net assets over the year compared with 1.00% in 2013. If the performance fee is included it was 1.22%. Details of the performance fee arrangements are shown on page 6. The performance fee payable to Henderson was £149,000, which is 0.2% of average net assets. It is the first time since the fee arrangement was put in place in 2007 that a performance fee has been payable.

Continuation Vote

On 29 April 2014 the continuation vote was passed by a large majority. The next one will be in 2017 in line with our three year cycle.

Alternative Investment Fund Managers Directive

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), the Company has appointed Henderson Investment Funds Limited to act as its Alternative Investment Fund Manager. HSBC Bank plc has been appointed as the Company's Custodian and Depositary. Further details are contained on page 19.

Subscription Shares

35,670 subscription shares were converted into ordinary shares on 29 April 2014, under the terms of the 2007 subscription share agreement; this was the final share conversion opportunity. As a result there are now 8,000,858 ordinary shares in issue. A Trustee was appointed over the remaining subscription shares, which were repurchased for a nominal sum and cancelled.

Buy-Backs and Share Issuance

There were no buy-backs carried out during the year nor were any shares issued apart from those that related to the subscription shares.

AGM

Our Annual General Meeting will be held at 2.30 pm on 26 March 2015 at the registered office, 201 Bishopsgate, London EC2M 3AE. The Notice of Meeting is set out in the separate circular to shareholders that accompanies this Annual Report. The Directors will vote their own shareholdings in favour of all the resolutions to be put to the AGM and the Directors recommend that the shareholders support all the resolutions. In addition to the formal business of the meeting, the fund managers James Henderson and Colin Hughes will give a presentation following which afternoon tea will be served.

Investment Strategy

The objective is to find and hold stocks that are good businesses with attractive valuations and sound prospects, capable of delivering substantial growth over time. These companies will be found across the market capitalisation range but there will usually be a focus on smaller companies which offer the greatest potential for performance in the longer term. Whatever their size, we look for companies with strong growth prospects and diverse customer bases. I believe that a major contributor to the strong performance over the last five years has been the effectiveness of the Managers' stock picking and the fact that they spend a great deal of time researching and meeting with investee companies, which includes between 400 and 500 face to face meetings each year.

Strategic Report: Chairman's Statement (continued)

Gearing

The net gearing has been in the range of 10 to 15% of net assets throughout the year, ending at 13.9% on 31 October 2014. The intention is to remain with a reasonable level of gearing while there are good investment opportunities and valuations are undemanding. The makeup of borrowings is shown on page 53.

Outlook

The dramatic fall in the oil price in December should aid GDP growth both in the UK and globally. It will also help the industrial companies in the portfolio which are large energy users. It has caused substantial share price falls in the oil exploration companies in the portfolio but the exposure to oil companies is low. Therefore, overall, it should be a large benefit to the Company. We will retain a balanced and diversified portfolio of companies of varying sizes that we believe have a competitive uniqueness that will allow them to prosper over time regardless of politics and economic volatility. At the end of our first quarter to 31 January 2015, despite the fact that the NAV has moved up since the year end ahead of our benchmark, the share price has fallen back. The return of a large discount, reflecting a 'safer in large stocks' mentality, is disappointing but, if the Company continues to outperform and the strengths of the Company and its portfolio of stocks are articulated effectively to potential buyers, we believe that there is no reason why our shares cannot once again trade at a premium.

George Burnett
Chairman
12 February 2015

Strategic Report: Business Model

Strategy

The Company's strategy is to achieve its investment objective through the appointment of external management which operates in accordance with the Company's investment policy.

Investment Objective

The Company's objective is to achieve above average capital growth from investment in a portfolio of predominantly UK companies. The Company pursues that objective by operating as an investment trust company.

Investment Policy

Asset Allocation

The strategy is to invest in a concentrated portfolio of shares on an unconstrained basis across the whole range of market capitalisations. The investment portfolio is characterised by focus on growth, recovery and 'special opportunities' company shares which the Fund Manager believes should achieve the investment objective.

Dividend

The Company aims to provide shareholders with dividend growth. However, the key objective of the portfolio is to achieve above average capital growth.

Gearing

The Company will borrow money for investment purposes, if the Board considers that circumstances warrant this. Net borrowings (defined as all borrowings less cash balances and investments in cash funds) are limited to a maximum of 25 per cent of the Company's net assets, calculated on a fully diluted basis. Other than in exceptional circumstances the exposure to equity investments will not fall below 70 per cent of net assets.

In the event that the investment outlook becomes unfavourable, the Board may reduce the gearing to nil; indeed, it may hold net cash balances; however, it expects most of the shareholders' funds to remain invested in equities in all but unusual circumstances.

General

It is the stated investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). In practice, the Company does not normally invest in other listed investment companies. Henderson Opportunities Trust plc is a company listed on the London Stock Exchange. It began trading on the London Stock Exchange in 1985.

The Board is independent of the management company.

Management

The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). The Company has appointed Henderson Investment Funds Limited ('HIFL') to act as its Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice. Prior to 22 July 2014, Henderson Global Investors Limited acted as Investment Manager. Both entities are authorised and regulated by the Financial Conduct Authority. References to Henderson within this report refer to the services provided by both entities. The investment management agreement with Henderson is reviewed annually.

Management Fee

The management agreement provides for the payment of a composite management fee which is calculated and paid quarterly in arrears. The management fee is calculated as 0.60% per annum on the first £100 million of net chargeable assets and as 0.50% per annum thereafter. (The net chargeable assets are defined as total assets less the value of any investment in a collective investment scheme from which the Manager receives a fee for providing management services. The values of any investments in funds managed by Henderson are excluded from the management fee calculations by deducting them from the total of net chargeable assets).

Performance Fee

The management agreement also provides for the payment of a performance fee, calculated as 15% of any outperformance of the Net Asset Value over the benchmark, subject to a limit on the total management and performance fees payable in any one year of 1.65% of the average value of the net assets during the year. No performance fee will be payable if on the last day of the Company's accounting year the Company's share price is lower than the share price at the preceding year end. No performance fee will be payable if on the last day of the Company's accounting year the Company's Net Asset Value per share is lower than its value at the preceding year end. Any underperformance relative to the benchmark, or any unrewarded outperformance (for example, as a result of the cap), will be carried forward and set against any outperformance or underperformance respectively in subsequent years. The first period covered by these arrangements began on 19 January 2007, at which date the opening Net Asset Value per share was 779.44p. A performance fee of £149,000 was payable for the year ended 31 October 2014. This is the first time a performance fee has been payable under the arrangements.

Strategic Report: Fund Managers' Report

The Fund Managers of the Company, James Henderson and Colin Hughes, report on the year ended 31 October 2014

The Economy

The UK economy has surprised many commentators by its strength despite the faltering of continental European economic growth. Within the aggregate numbers there has been a great deal of diversity of performance making generalisations about the economic background for equities at best difficult and more probably irrelevant. This is why the focus of our efforts is on analysing companies. Our general expectation is that the economy will provide little help to companies with the consumer remaining constrained and government spending being tightly controlled. The uncertainty concerning the UK's continued membership of the EU hangs over many export orientated businesses. It is notable that the broad UK equity market has underperformed global markets over the year, reflecting a disappointing year for earnings growth, the strong performance of the US market and the commodity-heavy focus of the UK market.

The major market event of recent months has been the fall in the oil price, the speed of which has been unsettling. However, for the consumer in Western economies, it has to be a positive development, as it is for energy consuming companies.

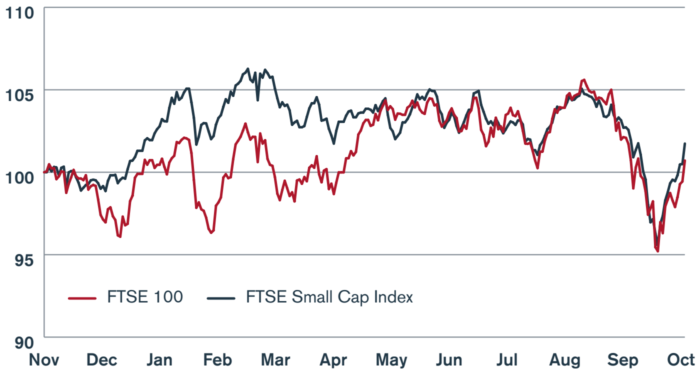
Brent Oil price over last ten years. US$ per Barrel

Source: Henderson Global Investors Limited

Market Review

The early part of the year saw the return of IPOs ('Initial Public Offerings') on the back of a modest return of investor confidence. They were varying in quality and the number of them soon sated the appetite of investors so that by the early summer they were not always getting away successfully. Alongside this, the political concerns and economic worries emanating from Europe made general investors somewhat risk averse. This expressed itself in the equity market, where the FTSE Small Cap Index underperformed the FTSE 100 and more economically cyclical companies lagged behind the lower risk but more highly rated ones.

FTSE 100 and FTSE Small Cap Index over the year to end October 2014



Source: Henderson Global Investors Limited

Valuation over Time

The chart below illustrates the view that overall, equity valuations are still moderate by historical standards.

Source: Henderson Global Investors Limited

Fund Performance

The company has had another good year with the Net Asset Value (NAV) returning a positive 3.4% and the share price rising by 9.3%, both on a total return basis while, our benchmark index, the FTSE All-Share Index, returned 1.0% on the same basis. The two halves of our financial year produced very different returns. In the first half, the six months to 30 April 2014, the NAV rose by 7.0% and the share price by 14.1% compared with a rise in the benchmark of 2.7%. As market sentiment cooled during the second six months to 31 October 2014, in particular towards smaller growth orientated companies, our positioning in that segment saw the NAV fall by 3.4% while the share price fell by 4.2% and our benchmark index fell only 1.6%. This reflected the relative safety of global FTSE100 companies while those at the top end of the FTSE250 Index also held up well. By comparison the FTSE Small Cap Index fell 6% and the FTSE AIM All-Share Index dropped by 11.9%. Despite this modest second half setback, for the five years from 31 October 2009 the NAV has risen by 121.8% and the share price by 161.8% both on a total return basis, compared to a rise in the benchmark by 61.0% in the five years to 31 October 2014.

Strategic Report: Fund Managers' Report (continued)

Investment Approach

As long term investors, we spend a considerable amount of time researching and meeting companies in whom we may or may not invest on your behalf. This long term approach is reflected in a holding period of typically between three to five years; however, we do remain alert to shorter term opportunities. These are more likely to arise when stock market investors' confidence levels are high. Our typical holding period not only reflects our approach but also an appreciation that the cycle for any business to grow and mature is not necessarily easily reconciled with the volatility of a stock market which is sensitive to changes in the external macro-economic and political environment, alongside its own particular cycle of fads and fashions.

The portfolio is a mixture of large, medium and small companies. We employ a number of valuation techniques but are not slavishly reliant upon any one methodology in arriving at our portfolio selections. We enjoy building relationships with the senior executive teams of our portfolio companies and will meet with them a number of times during the course of a typical year. This will include formal results presentations as well as informal discussions and site visits where appropriate. Over the course of the last three years, your fund managers have had in excess of 1,250 face to face meetings and company visits.

The number of holdings increased marginally over the year from 86 in 2013 to 89. In 2012 it was 77 and 82 in 2011. We said last year that given prevailing market conditions we felt that we were at our natural 'fighting weight' and this remains the case. This gives enough diversity to mitigate risk concentration but also enough weight to the winners to make a difference. Having moved up the market capitalisation scale over the last few years so that last year 41.7% of the portfolio was held in FTSE100 and FTSE250 Index stocks, we eased back slightly and finished the year with 38.5%. Our exposure to stocks with a market capitalisation over £1 billion is 28.8%. Although this is slightly reduced from last year's 32.8%, this comfortably exceeds our typical gearing levels of 10-15% during 2014. We therefore maintain sufficient flexibility in the most liquid part of the portfolio should we ever wish to de-gear the Company quickly, which enables us to react promptly to changing market conditions.

Portfolio Activity

During the year we have been active in 75 companies, starting new positions in 25 and selling out completely in 22. Our new investments included 11 IPOs of which we continue to hold 7 at the year end. Our top ten holdings represented 26.6% of the portfolio, virtually unchanged from last year's 26.3%. We have maintained a strong bias towards industrial and technology stocks, even though the strength of sterling against the US dollar was a significant headwind for reported earnings for these companies. This has recently started to ease. We have also added further to our portfolio of emerging pharmaceutical stocks. There have been four new entrants to the top ten positions this year. With the exception of **4D Pharma**, these have been held in the portfolio for some time, reflecting our patient approach to running winners. The largest of our disposals was **Hyder Consulting**, the infrastructure consultancy, which received multiple takeover approaches after earlier in the year warning that it was suffering from contract delays in the important Australian market. **Hyder** was a top ten holding at the end of the last financial year. The first approach came from Arcadis, a Dutch peer, and was recommended by the Board of Directors so we sold in the market in order to re-invest quickly in other opportunities. We had not anticipated that a small Japanese competitor, Nippon Koei, would enter the fray. This resulted in three leapfrog bids, each Board recommended. This provided a salutary lesson that in sectors subject to global consolidation, one should not rush for the exit. In 2010, when the market was in turmoil, we bought **Ashtead**, the plant hire company, and since that time we have enjoyed a string of positive profit upgrades as the twin effects of the structural shift to rental and cyclical growth in the USA took the company all the way from a depressed small cap to the FTSE100. We have now sold out completely. There is nothing wrong with the company, but our view is that the valuation the stock market has placed on **Ashtead** now fully reflects the company's prospects and while we still expect profit upgrades **Ashtead** shares may be progressively de-rated.

Kofax, a leading provider of smart process applications for business critical information, had undergone a gradual transformation, aided by strong cash generation, in moving from a legacy European orientated company to a leading edge document capture business with a key focus area of growth in the USA. This transformation, led by an executive management team based in California, also saw the company list its shares on the New York Stock Exchange in addition to its London listing. As a consequence the company has seen more demand from US investors and its shares have enjoyed a material re-rating towards the higher multiples typically enjoyed by technology businesses in the USA. The business is still quite volatile on a quarter by quarter basis and we have decided that the re-rating gave us an opportunity to sell at very favourable valuation levels.

AstraZeneca, the global pharmaceutical group, was among both our largest purchases and sales in the year. We bought **AstraZeneca** as we were impressed by management's efforts to rejuvenate top line growth by focusing on eight key therapeutic areas including Oncology. They set about doing this by firstly shedding non-core projects but also by a series of licensing deals, many with smaller bio-technology companies, allowing them to leverage promising third party technology into their global footprint. The US giant Pfizer liked what it saw so much that it made two takeover approaches but ultimately withdrew its bid in May. We sold our position prior to the bid being withdrawn as we felt that level much better reflected **Astra's** prospects.

Lastly in this section, **Monitise** is a world leader in mobile banking payments and solutions for a world which increasingly demands the

Strategic Report: Fund Managers' Report (continued)

capability of running one's life in a fully mobile environment. **Monitise** credentials in this space are strong with key relationships with the Visa, MasterCard, RBS and Telefonica, a global mobile operator. While we like the obvious growth attributes of this space, we became increasingly concerned that not only was the stock priced for perfect execution in what is still a very project based revenue line but also the space was evolving so rapidly that retaining those leading relationships would be a challenge. We therefore sold our position and subsequently many of our concerns have been confirmed.

Prominent among our major purchases was **4D Pharma**. Not only was this our largest purchase in the year via an IPO and subsequent fund raising, it was also our most successful one (see the attribution analysis later in this report). **4D** is a pharmaceutical development company focusing on a new class of therapeutics based on live bacteria. The market has focused on the huge potential in its field and it has performed very well.

In a similar vein but already into revenue generation, we invested in **Horizon Discovery** another IPO which provides research and development services to the global pharmaceutical and biotechnology market. The company provides a series of toolboxes that help customers generate genetically defined cell lines which will help in the design of more personalized medicines. It is run by a young, enthusiastic but resolutely commercial management team. Following the IPO, and now equipped with a strong balance sheet, the company is well placed to acquire complementary technologies to broaden its portfolio.

We also invested in more traditional, established businesses, one such example being **Rolls Royce**, the aero engine manufacturer. We have long been fans of the very long order profile and support contracts that go with aero engines built to last twenty years and more. Until recently, **Rolls Royce's** valuation was very full, but earlier this year it came under pressure as falling defence expenditure finally hit home and questions were asked about how the company accounts for long term care programmes. We decided that this was a good entry point but have had an additional setback to expectations as the company rebased its civil aerospace margin outlook. We have been a bit early but are very confident that the inherent strengths of the company will deliver a better 2015.

Lastly, we again took a position in a classic industrial company, **GKN**, that saw a material de-rating of its shares earlier in the year. **GKN**, known predominantly as the world's leading supplier of automotive driveline systems, suffered from sterling's rapid appreciation against the US dollar, in common with many industrial peers. This led to a number of currency related downgrades to profit estimates while the underlying business was performing well. More recently, that currency headwind has turned into a modest tailwind, so assuming the global automotive market continues to grow, we should see **GKN** making progress in the year ahead.

Portfolio Attribution Analysis

The table on page 11 shows the top five contributors to, and bottom five detractors from, the Company's absolute performance in growth in the NAV and their contribution relative to our benchmark. Our top performing stock, **4D Pharma** was also our largest new investment of the year as mentioned above. The IPO was priced at 100p and the shares started trading in late February. The share price was initially strong but it only really made material progress after a subsequent further fund raising at 150p confirmed the continued progress of lead projects. We also supported that issue. As the shares continued to make good progress, we took profits along the way but retain a very meaningful position. As mentioned before, **Ashtead** has been a top contributor to performance not only this year but last year as well. The twin benefits of cyclical recovery and a structural shift to greater rental penetration has been reflected in good pricing and plant hire utilisation. This in turn has led to consistent earnings upgrades but we have taken our profit in what is a highly cyclical business. **Velocys**, the developer of gas to liquid technology, has seen a gradual broadening of its pipeline of opportunities. A number of projects approaching their final investment decision in 2015 indicate that the market has moved from 'if' to 'when' on this becoming a mainstream technology.

One small technology company that first entered the portfolio in 2012 had a very good 2014. **Tracsis**, a supplier of scheduling software and condition monitoring equipment to the railway industry, has come of age. After the hiatus caused by the delay in franchise awards to the UK train operator market, to which the company supplies consultancy services, 2014 saw a strong comeback. In addition, Network Rail started ordering condition monitoring equipment again under a new framework agreement and the company secured its first orders into North America, a market multiple times the size of the UK. They also appointed a very experienced chairman who currently has the same role at **Ashtead**. Lastly following the significant re-rating of **Kofax** after the listing on the New York Stock Exchange, we were pleased to bank our profits.

As ever not everything worked so well. We had great hopes at the start of the year for **Digital Barriers**, a developer of covert security products and high definition low latency video. It appeared that the growing pipeline was converting to commercial orders nicely but a series of contract delays, and more latterly the Ebola outbreak which impacted some West African clients, has dented credibility. We believe the management are actively addressing these issues and that the company will either deliver on its promise or a corporate solution will be forthcoming. One of our more recent stars and still a favourite, **Retroscreen Virology**, which provides bio-medical services, had a lack lustre year in share price terms although at the business level significant progress continued to be made. The shares peaked at 322p in August but finished the year at 260p. **Latchways**, who supply safety products for working at height, had a year to forget. Europe is a major market and suffered from weak underlying

Strategic Report: Fund Managers' Report (continued)

demand, while delays concerning utility feed-in tariffs impacted wind turbine demand. In North America, 3M, a key distributor, suffered internal dislocations, resulting in significantly reduced sales. The company has a very robust balance sheet so has maintained the dividend during this tough time. The sales team is being enlarged and upgraded to make the most of their sector leading product strategy. **WANdisco**, a big data play, had a tremendous 2013 but has given it all back in 2014 as proof of concepts have taken longer than expected to turn into firm contracts. Having taken good profits out of the stock at near to its highest levels, we have kept the rump as we feel this is another market in which patience will pay off. Indeed, they have recently announced a modest deal which went to contract award very quickly. Lastly, **Aveva**, a global leader in engineering design software for the power, oil & gas and marine markets, had a difficult year as customer projects, particularly in offshore Brazilian energy, stalled. Similarly, nascent developments like their leading edge AVEVA 3D product suite grew significantly but, as yet, do not have the scale to compensate fully for weaker oil & gas markets. With a cash rich balance sheet, this company is well equipped to weather this phase.

Outlook

The Eurozone area continues to suffer and, as the UK's largest trading partner, its prolonged weakness may restrain growth in the UK, which is otherwise performing well. While tax receipts have lagged expectations, fiscal restraint remains on the agenda, as the consumer attempts to pay down debt.

While many investors are focusing on a very difficult to call election which is unlikely to deliver a majority single party government, we will remain focused on the fundamentals we look for in our companies; strong franchises, strong balance sheets and the potential for strong growth. The portfolio is therefore well placed to benefit from growing investor confidence.

James Henderson and Colin Hughes
Fund Managers
12 February 2015

Strategic Report: Fund Managers’ Report (continued)

Portfolio Attribution Analysis

The table below shows the top five active contributors to and the bottom five detractors from the Company’s relative performance.

Top five contributors to relative performance	Share price return %	Relative contribution %	Top five detractors from relative performance	Share price return %	Relative contribution %
4D Pharma	230.0	2.8	Digital Barriers	(62.2)	(0.8)
Ashtead Group	40.9	0.8	Retroscreen Virology Group	(21.1)	(0.8)
Velocys	37.3	0.7	Latchways	(1.5)	(0.7)
Tracsis	84.1	0.7	WANdisco	(65.5)	(0.6)
Kofax	38.8	0.6	Aveva	(39.8)	(0.5)

Twenty Largest Holdings

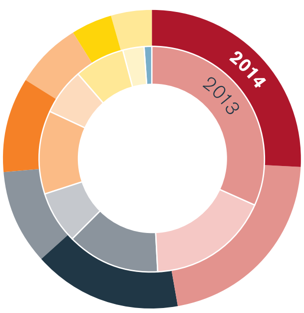
at 31 October 2014

Rank 2014	Rank 2013	Company	Valuation 2013 £’000	Purchases £’000	Sales £’000	Appreciation/ (depreciation) £’000	Valuation 2014 £’000
1	#	4D Pharma	–	1,400	(460)	2,554	**3,494**
2	1	Retroscreen Virology	2,830	547	(285)	(506)	**2,586**
3	9	HSBC	1,705	675	–	(142)	**2,238**
4	6	Ricardo	2,015	–	–	163	**2,178**
5	12	Velocys	1,620	–	(225)	651	**2,046**
6	5	Senior	2,234	–	–	(228)	**2,006**
7	15	Johnson Service Group	1,560	240	–	178	**1,978**
8	11	e2v technologies	1,667	–	–	186	**1,853**
9	3	XP Power	2,355	–	(379)	(202)	**1,774**
10	7	Vertu Motors	1,849	–	–	(92)	**1,757**
11	10	St Modwen Properties	1,673	–	–	49	**1,722**
12	#	IP Group	809	534	(79)	458	**1,722**
13	2	ITV	2,386	–	(896)	32	**1,522**
14	14	Tribal	1,594	–	–	(257)	**1,337**
15	#	Aviva	1,123	–	–	179	**1,302**
16	#	Assura	572	399	–	275	**1,246**
17	19	RWS	1,422	–	(191)	1	**1,232**
18	17	BHP Billiton	1,448	–	–	(240)	**1,208**
19	#	Advanced Computer Software	1,004	–	–	179	**1,183**
20	#	Tracsis	736	–	(152)	596	**1,180**
			30,602	**3,795**	**(2,667)**	**3,834**	**35,564**

At 31 October 2014 these investments totalled £35,564,000 or 43.2% of the portfolio

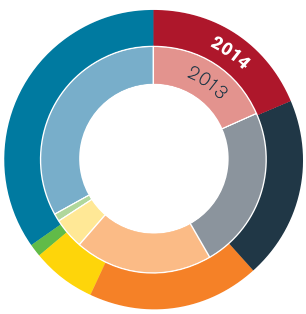
\# Not in the top 20 largest holdings last year

Portfolio by Sector



	2014 %	2013 %
Industrials	**25.9**	31.8
Consumer Services	**21.5**	17.4
Financials	**16.0**	13.5
Health Care	**10.3**	7.5
Technology	**10.2**	11.8
Basic Materials	**7.3**	6.7
Oil & Gas	**4.4**	7.3
Consumer Goods	**4.4**	2.9
Telecommunications	**–**	1.1

Portfolio by Index



	2014 %	2013 %
FTSE 100	**18.8**	18.5
FTSE 250	**19.7**	23.2
FTSE SMALLCAP	**18.6**	19.9
OTHER	**6.9**	4.3
FTSE FLEDGLING	**1.5**	1.1
FTSE AIM	**34.5**	33.0

Source: Henderson Global Investors Limited

Strategic Report: Investment Portfolio

at 31 October 2014

Position	Company	Main Activity	Valuation £'000
1	4D Pharma[1]	drug development platform	3,494
2	Retroscreen Virology[1]	bio medical services	2,586
3	HSBC	banking	2,238
4	Ricardo	automotive technology consultancy	2,178
5	Velocys[1]	oil equipment and services	2,046
6	Senior	aerospace and automotive products	2,006
7	Johnson Service[1]	textile rental and drycleaning	1,978
8	e2v technologies	electronic components	1,853
9	XP Power	electrical power components	1,774
10	Vertu Motors[1]	motor retailer	1,757
10 largest			**21,910**
11	St Modwen Properties	property developer	1,722
12	IP Group	research funding	1,722
13	ITV	television broadcaster and programme producer	1,522
14	Tribal	educational sector software and services	1,337
15	Aviva	life and general insurance	1,302
16	Assura	healthcare property	1,246
17	RWS[1]	patent translation services	1,232
18	BHP Billiton	general mining	1,208
19	Advanced Computer Software[1]	business and healthcare software and services	1,183
20	Tracsis[1]	logistics software and services	1,180
20 largest			**35,564**
21	Royal Dutch Shell 'B' shares	integrated oil and gas	1,156
22	Goals Soccer Centres[1]	five-a-side soccer centres	1,112
23	Micro Focus	software application management	1,099
24	Ebiquity[1]	media and marketing analytics	1,087
25	Jupiter Fund Management	fund management	1,073
26	Faroe Petroleum[1]	oil and gas exploration and production	1,024
27	Horizon Discovery[1]	drug development and diagnostic services	1,003
28	Hill and Smith	galvanised steel and automotive products	991
29	SDL	software and translation services	964
30	Entertainment One	broadcasting and entertainment	940
30 largest			**46,013**
31	Fidessa	financial software	936
32	Tarsus	international exhibitions and conferences	923
33	Anglo American	mining	922
34	BAE Systems	defence and aerospace systems	917
35	UTV Media	TV and radio broadcaster	905
36	Johnson Matthey	advanced materials technology	892
37	Pearson	educational and media publishing	878
38	Bellway	house building	875
39	Latchways	safety products	861
40	Majestic Wine[1]	wine retailer	850
40 largest			**54,972**
41	Clinigen[1]	speciality pharmaceuticals	843
42	Rolls Royce	aero engines and power systems	843
43	Safestyle[1]	upvc windows and doors	826
44	Nahl[1]	legal marketing	825
45	Redde[1]	support services	824

1 Quoted on the Alternative Investment Market ('AIM')

Strategic Report: Investment Portfolio (continued)

at 31 October 2014

Position	Company	Main Activity	Valuation £'000
46	Oxford Instruments	scientific instruments	810
47	Creston	marketing services	805
48	GKN	engineering	795
49	Premier Oil	oil and gas exploration and production	774
50	Advanced Medical Solutions[1]	advanced wound care	767
50 largest			**63,084**
51	Burberry	clothing designer and retailer	766
52	Flowtech[1]	water services and boosters	765
53	Barclays	banking	752
54	Rio Tinto	general mining	743
55	International Personal Finance	consumer loans in emerging markets	729
56	Aveva	software services for engineering designers	720
57	Redrow	house building	671
58	Chime Communications	communication services	624
59	Betfair	gaming and betting website	623
60	Flybe	airline	604
60 largest			**70,081**
61	IG Group	investment services	601
62	Oxford Pharmascience[1]	drug development	600
63	Weir	industrial engineering solutions	571
64	Electric Word[1]	mixed media information provider	557
65	Servelec	technology services	550
66	Miton[1]	fund management	525
67	Keyword Studios[1]	business support services	523
68	DX Group[1]	freight and logistics	514
69	Ubisense[1]	location solutions	506
70	Boohoo.com[1]	online clothing retailer	496
70 largest			**75,524**
71	Ted Baker	clothing designer and retailer	481
72	Guinness Peat	textiles	470
73	Phoenix IT	information technology infrastructure management	470
74	RPS	environmental and safety consultants	469
75	Innovation	business support services	462
76	Conviviality Retail[1]	food retailers and wholesalers	443
77	Digital Barrier[1]	homeland security services	442
78	Sportech	gaming and betting website	439
79	WYG[1]	engineering consultancy	412
80	1Spatial[1]	business support services	349
80 largest			**79,961**
81	Xaar	ink jet printing technology	347
82	Snoozebox[1]	portable hotels	328
83	WANdisco[1]	software development	316
84	Patisserie Valerie[1]	branded casual dining	311
85	Circle Oil[1]	oil and gas exploration	310
86	Serica Energy[1]	oil and gas exploration	281
87	Kenmare Resources	heavy minerals mining	181
88	Spectra Systems[1]	business support services	166
89	Rockhopper Exploration[1]	offshore oil exploration	118
Total Investments			**82,319**

1 Quoted on the Alternative Investment Market ('AIM')

Historical Record

Historical Record

Year ended 31 October	Net revenue return per ordinary share in pence	Dividend in pence	Total net assets in £'000	Net asset value per ordinary share in pence
2005	1.48	nil	60,840	540.3
2006	5.29	nil	58,223	709.3
2007[1]	7.08	6.00	62,283	758.8
2008[1]	17.72	15.50	26,248	319.8
2009[1]	11.38	10.50	35,889	437.2
2010	7.40	6.50	42,898	532.0
2011	7.94	7.00	40,408	501.0
2012	10.92	9.00	48,490	608.8
2013	12.53	10.50	70,434	884.3
2014	**15.17**	**12.50**	**72,302**	**903.7**

1 Distributions in these years included exceptional VAT refunds

History and Background

The Company was incorporated and was listed in 1985 as Strata Investments plc. In January 1992 the name was changed to Henderson Strata Investments plc and in January 2007 to Henderson Opportunities Trust plc.

The Company's original mandate was to invest in smaller companies across the international markets, and the benchmark was the FTSE SmallCap (excluding investment companies) Index. On 10 February 2005 the investment policy was changed to focus on UK micro cap companies and the benchmark was changed to the FTSE Fledgling (excluding investment companies) Index. On 19 January 2007 the objective was changed to investment in shares on an unconstrained basis across the UK market and the benchmark became the FTSE All-Share Index. At that date the ordinary shareholders received a bonus issue of one subscription share for every five ordinary shares. The Company is now a constituent of the AIC UK All Companies sector.

Shareholders have the opportunity to vote every three years on the continued life of the Company: the next vote is scheduled for the AGM in 2017.

Bonus Issue of subscription shares

The Company made a bonus issue of subscription shares of 1p each on 19 January 2007 to the holders of the Company's ordinary shares of 25p each as at close of business on 19 January 2007.

Each subscription share conferred a right, exercisable by notice to the Company in the 30 days preceding the Annual General Meeting in any of the years 2009 to 2014 (inclusive) and upon payment of the conversion price, to convert on the date of the relevant Annual General Meeting into one ordinary share in the Company. The conversion price was 936p per ordinary share.

The Annual General Meeting in 2014 was the final conversion opportunity. After 29 April 2014 the subscription shares no longer carried any rights. 35,670 subscription shares were converted into ordinary shares following the conclusion of the 2014 Annual General Meeting.

A Trustee was appointed over the remaining subscription shares, which were repurchased by the Company for a nominal amount and cancelled.

Strategic Report: Key Information

Directors

The Directors appointed to the Board at the date of this report are:

George Burnett
Position: Chairman

George retired as Chief Executive of Ashtead Group plc in 2006. Until 2008 he was Chairman of the Governors of the University for the Creative Arts. He joined the Board of the English Concert in March 2013. He is a Chartered Accountant (CA). He joined the Board in 1995 and became Chairman in 2004.

Chris Hills
Position: Director

Chris was appointed to the Board in 2010. He is Chief Investment Officer of Investec Wealth and Investment Limited, a position he has held (originally with Carr Sheppards) for nineteen years. He was formerly a Director of Baring Fund Management. He is a non-executive Director of Invesco Income Growth Trust plc. He was appointed to the Board of the Association of Investment Companies (AIC) in January 2015.

Peter Jones
Position: Director

Peter was appointed to the Board in 2011. He was Chief Executive of Associated British Ports for six years up to March 2013, and has served as the Chairman of the Port of Milford Haven since August 2013. He is also a non-executive Director of SKIL Ports & Logistics Ltd, and Hargreaves Services PLC.

Malcolm King (known as Max)
Position: Director

Max was appointed to the Board in 2005. He has over 25 years' experience in fund management, including investment in UK smaller companies. He works at Investec Asset Management Limited as a fund manager and is a Chartered Accountant (ACA).

Peter May
Position: Director

Peter was appointed to the Board in 2004 and as Chairman of the Audit Committee in 2006. He is a Chartered Accountant (ACA). His background is in corporate finance, including 17 years spent at Charterhouse and 9 years at MacArthur.

All Directors are non-executive. All are members of the Audit Committee, chaired by Peter May, and the Management Engagement Committee and Nominations Committee, both chaired by George Burnett.

Further information on the Directors can be found on page 26.

Management

James Henderson became Portfolio Manager in 2007. He joined Henderson in 1984 and has been involved with investment trusts throughout his career. He has been the Portfolio Manager of Lowland Investment Company plc since 1990 and has been responsible for the investment portfolio of The Law Debenture Corporation plc since 2003. He also manages the Henderson UK Equity Income Fund.

Colin Hughes has been involved in the management of the Company's portfolio since 2002. Since January 2007 he has assisted James Henderson with the management of the small company investments. He joined Henderson in 1998 to manage UK smaller companies portfolios, prior to which he was with London Life and AMP Asset Management.

Melissa Conway, LLB, ACIS, is the authorised representative of Henderson Secretarial Services Limited, the Corporate Company Secretary.

Strategic Report: Key Information (continued)

Service Providers

Alternative Investment Fund Manager
Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary
Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: help@henderson.com

Depositary and Custodian
HSBC Bank plc
8 Canada Square
London E14 5HQ

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Stockbrokers
JP Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1059

INVESTMENT WEEK
INVESTMENT COMPANY OF THE YEAR AWARDS
2014
WINNER
OUTSTANDING INDUSTRY CONTRIBUTION
(James Henderson)

Financial Calendar

Annual results	announced 12 February 2015
Ex dividend date	19 February 2015
Dividend record date	20 February 2015
Annual General Meeting	26 March 2015
Final dividend payable on	31 March 2015
Half year results	announced June 2015

Information Sources

For more information about Henderson Opportunities Trust plc, visit the website at **www.hendersonopportunitiestrust.com**.

HGi
HGi is a content platform provided by Henderson that offers online personalisation where you can 'follow' investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi. http://HGi.co/rb

Follow us on Twitter
To get the latest updates follow us on Twitter @HGiTrusts

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 0845 722 5525, email **henderson@halifax.co.uk** or visit their website **www.halifax.co.uk/sharedealing**. Henderson ISA holders can contact the Henderson ISA department at PO Box 10665, Chelmsford CM99 2BF, telephone 0800 856 5656.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Strategic Report: Corporate Information

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 ('the Act') and is registered in England. It operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'), is subject to the UK Listing Authority's Listing Rules and is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company has obtained approval from HM Revenue & Customs ('HMRC') of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company relate to investing in the shares of companies that are quoted in the United Kingdom, including small companies. Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move rapidly, whether upwards or downwards, and it may not be possible to realise an investment at Henderson's assessment of its value. Falls in the value of the Company's investments can be caused by unexpected external events. The companies in which investments are made may operate unsuccessfully, or fail entirely, such that shareholder value is lost. The Company is also exposed to the operational risk that one or more of its contractors or sub-contractors may not provide the required level of service. The Board considers regularly the principal risks facing the Company in order to mitigate them as far as practicable.

The Board has drawn up a risk map which identifies the cardinal risks to which the Company is exposed. These principal risks fall broadly under the following categories:

Investment activity and strategy

Henderson provides the Directors with management information, including performance data and reports and shareholder analyses on a monthly basis. The Board monitors the implementation and results of the investment process with the Fund Managers, who attend all Board meetings, and reviews regularly data that monitors risk factors in respect of the portfolio. Henderson operates in accordance with investment limits and restrictions determined by the Board; these include limits on the extent to which borrowings may be used. The Board reviews its investment limits and restrictions regularly and Henderson confirms its compliance with them each month. The Board reviews investment strategy at each Board meeting. An inappropriate investment strategy (for example, in terms of asset allocation, stock selection, failure to anticipate external shocks or the level of gearing) may lead to a reduction in NAV, underperformance against the Company's benchmark index and the Company's peer group; it may also result in the Company's shares trading on a wider discount to NAV. The Board seeks to manage these risks by ensuring a diversification of investments through regular meetings with the Fund Managers with measurement against performance indicators and by reviewing the extent of borrowings.

Financial instruments and the management of risk

By its nature as an investment trust, the Company is exposed in varying degrees to market risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk. Market risk arises from uncertainty about the future prices of the Company's investments.

An analysis of these financial risks and the Company's policies for managing them are set out in note 15 on pages 47 to 51.

Operational

Disruption to, or failure of, Henderson's accounting, dealing or payment systems or the Custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. Henderson has contracted some of its operational functions, principally those relating to trade processing, investment administration and accounting, to BNP Paribas Securities Services. Details of how the Board monitors the services provided by Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal control section of the Corporate Governance Statement on pages 28 and 29.

Accounting, legal and regulatory

In order to qualify as an investment trust the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'), to which reference is made on page 17 under the heading 'Status'. A breach of Section 1158 could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax. The Section 1158 criteria are monitored by Henderson and the results are reported to the Directors at each Board meeting. The Company must comply with the provisions of the Companies Act 2006 ('the Act') and, as the Company's shares are listed for trading on the London Stock Exchange, the Company must comply with the UK Listing Authority's Listing Rules and Disclosure Rules ('UKLA Rules'). A breach of the Act could result in the Company and/or the Directors being fined or becoming the subject of criminal proceedings. Breach of the UKLA Rules could result in the suspension of the Company's shares which would in turn lead to a breach of Section 1158. The Board relies on its corporate company secretary and its professional advisers to ensure compliance with the Act and the UKLA Rules.

Gearing

The ability to borrow money for investment purposes is a key advantage of the investment trust structure. A failure to maintain a bank facility would prevent the Company from gearing. The Board reviews the level of gearing at each Board meeting.

Failure of Henderson

A failure of Henderson's business, whether or not as a result of regulatory failure, would result in Henderson being unable to meet their obligations and their duty of care to the Company. The Board meets regularly with representatives of Henderson and reviews internal control reports from Henderson on a quarterly basis.

Borrowing

The Company has a loan facility in place which allows it to borrow as and when appropriate. £17 million (2013: £12 million) is available under the facility. The maximum amount drawn down in the period under review was £15.35 million (2013: £9.2 million), with borrowing costs for the year totalling £237,000 (2013: £158,000). £11.8 million (2013: £8.8 million) of the facility was in use at the year end. Actual gearing net of cash at 31 October 2014 was 13.9% (2013: 14.2%) of net asset value.

Strategic Report: Corporate Information (continued)

Performance

In order to measure the success of the Company in meeting its targets and to evaluate Henderson's performance, the Directors take into account the following key performance indicators.

Absolute performance

The Board reviews, at each of its meetings, the performance of the portfolio, the net asset value per share and the Company's share price.

Performance measured against the benchmark

The Board reviews, at each of its meetings, the performance of the portfolio, the net asset value per share and the share price and compares them with the performance of the Company's benchmark, the FTSE All-Share Index ('benchmark').

Discount/premium to the net asset value per share ('NAV')

The Board monitors the level of the discount to the NAV at which the Company's shares trade and reviews the average discount for the AIC UK All Companies sector. The Board considers whether to use share buy-backs to enhance shareholder value. Shares are only bought back at a price below the prevailing NAV, thereby increasing the NAV for the remaining shareholders.

The Company publishes a NAV figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula.

Performance measured against the Company's peer group

The Company is included in the AIC's UK All Companies sector, which represents the Company's peer group. In addition to comparison against the benchmark, the Board also considers the performance against the peer group.

Ongoing Charges

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments. Ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on a regular basis.

For the year ended 31 October 2014 the ongoing charge was 1.22% of average net assets (2013: 1.00%) including performance fees.

Future Developments

While the future performance of the Company is mainly dependent on the performance of financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy explained earlier. The Chairman's Statement and Fund Managers' Report provide commentary on the outlook for the Company.

Corporate Responsibility

Responsible investment

Henderson is responsible for reporting on its work on corporate governance and corporate responsibility (or social, environmental and ethical ('SEE') issues) in the companies in which it invests on its clients' behalf, across all funds as part of its management duties. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ('ESG') issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is therefore considered as part of the investment risk decision; however, an investment may not necessarily be ruled out on social and environmental grounds only.

Voting policy and the UK stewardship code

Henderson's responsible investment policy sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients and its policy on proxy voting. The policy also sets out how Henderson implements the Stewardship Code. The Company has reviewed the policy and has delegated responsibility for voting to Henderson. The Board receives regular reports on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on Board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Fund Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefor are fed back to the investee company prior to voting.

Practical difficulties may prevent Henderson voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

The Henderson responsible investment policy and further details of Henderson's responsible investment activities can be found on the Henderson website, **www.henderson.com**.

Employees, social, community, human rights and environmental matters

The Company has no employees and its core activities are undertaken by Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues.

Henderson's corporate responsibility statement is included on the website **www.henderson.com**. In 2012 it was granted CarbonNeutral Company status which it has committed to maintain at least until the end of 2015.

The Company's annual and half year reports are printed on carbon balanced paper, whereby the carbon impact of the production and distribution process has been balanced, or offset, by the World Land Trust, an international conservation charity.

Gender Representation

As set out on page 15, all of the Company's Directors are male. Their appointment to the Board was based on their skills and experience. The Company has no employees and therefore, there is nothing further to report in respect of gender representation within the Company.

By order of the Board

George Burnett
Chairman 12 February 2015

Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ('AIC')

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the Company this is the FTSE All-Share Index.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are effected in an accurate and timely manner.

Depositary

With effect from 22 July 2014 all AIFs were required to appoint a Depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Gearing

The net gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market. This figure indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This is calculated by taking the difference between investments and equity shareholders' funds divided by equity shareholders' funds and multiplied by 100.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation ('market cap')

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Net Asset Value ('NAV') per ordinary share

The value of the Company's assets (i.e. investments, cash held and debtors) less any liabilities (i.e. bank borrowings, debt securities and creditors) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Balance Sheet. The NAV is published daily.

Premium/Discount

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Total Return Performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Corporate Report

Report of the Directors

The Directors present the audited financial statements of the Company and their report for the year from 1 November 2013 to 31 October 2014. Henderson Opportunities Trust plc ('the Company') (registered and domiciled in England & Wales with company registration number 1940906) was active throughout the year under review and was not dormant.

The Corporate Governance Statement on pages 26 to 29 forms part of the Report of the Directors.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 24 and 25 provides information on the remuneration and interests of the Directors.

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively.

Related Party Transactions

Other than the relationship between the Company and its Directors, the provision of services by Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services (see note 22 on page 53), there have been no material transactions with this related party affecting the financial position or the performance of the Company during the year under review.

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 25p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

At 31 October 2013, there were 7,965,188 shares in issue. During the year, 35,670 new ordinary shares were issued as part of the final subscription share conversion opportunity. The number of ordinary shares in issue on 31 October 2014 was 8,000,858, with 8,000,858 voting rights. As at 12 February 2015 the total voting rights were unchanged.

The Directors seek annual authority from the shareholders to allot new shares, to disapply pre-emption rights and to buy back shares for cancellation or to be held in Treasury. At the AGM held in April 2014 the Directors were granted authority to buy back 1,193,981 shares. At 31 October 2014 no shares had been bought back from this authority. The Directors have remaining authority to purchase 1,193,981 shares. This authority will expire at the conclusion of the 2015 AGM. The Directors intend to renew this authority subject to shareholder authority.

Fund Manager's Interests

James Henderson, the Fund Manager, has a beneficial interest in 80,950 (2013: 285,000 ordinary shares of the Company) and a non beneficial interest in 340,770 (2013: nil) Ordinary Shares.

Holdings in the Company's Shares

As at 31 October 2014, the following had declared a notifiable interest in the voting rights of the Company.

Shareholder	% of voting rights
Discretionary managed clients of Henderson Global Investors Limited and its associated companies including Lowland Investment Company plc (direct)	13.98
Prudential plc Group of companies	3.78

No changes have been notified in the period 1 November 2014 to 10 February 2015.

At 31 October 2014, 17.2% of the issued ordinary shares were held on behalf of participants in the Halifax Share Dealing products. The participants in these schemes are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. They will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) on a one for one basis.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reviewing the position as at the date of this report, the Board has considered the 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', published by the Financial Reporting Council in October 2009.

Report of the Directors (continued)

Annual General Meeting

The AGM will be held on Thursday 26 March 2015 at 2.30 p.m. at the Company's registered office. The Notice and details of the resolutions to be put to the AGM are contained in the separate letter being sent to shareholders with this report.

Directors' Statement as to Disclosure of Information to Auditors

Each of the Directors who were members of the Board at the date of approval of this Report confirms that to the best of his knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditors are unaware and he has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Global Greenhouse Gas Emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 31 October 2014 (2013: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The only item of information set out in Listing Rule 9.8.4 which is applicable to the Company is in relation to the inclusion of a statement of the amount of interest capitalised by the Company during the period under review, with an indication of the amount and treatment of any related tax relief. This is disclosed in note 7 to the accounts on page 44.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
12 February 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report which must be fair, balanced and understandable including the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with UK Accounting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement Under DTR 4.1.12

Each of the Directors, who are listed on page 15, confirms that, to the best of his knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed for and on behalf of the Board

George Burnett
Chairman
12 February 2015

The Annual Report is published on **www.hendersonopportunitiestrust.com** which is a website maintained by Henderson.

The maintenance and integrity of the website is the responsibility of Henderson; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 ('the Regulations'). The report also meets the relevant requirements of the Companies Act 2006 ('the Act') and the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by section 439 of the Act, an ordinary resolution to approve the report will be proposed at the Annual General Meeting on 26 March 2015. The Company's remuneration policy was approved by shareholders at the AGM in April 2014 in accordance with section 439A of the Act. No changes to policy are currently proposed.

The Company's auditors are required to report on certain information contained within this report; where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board as a whole considers the Directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to the Boards of Directors of other comparable investment trust companies).

Remuneration Policy

Directors are remunerated in the form of fees, payable quarterly in arrears to the Director personally. The Company's Articles of Association limit the fees payable to the Directors in aggregate to £150,000 per annum. Subject to the overall limit, the Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and be sufficient to enable candidates of high calibre to be recruited.

All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee who are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates annually, although such review will not necessarily result in any change to the rates, and account is taken of fees paid to Directors of other investment trust companies.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director has a service contract with the Company. There are no set notice periods and a Director may resign by notice in writing to the Board at any time.

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties.

In respect of the year under review no feedback has been received from shareholders.

There are no long-term incentive schemes, share option schemes or pension arrangements provided by the Company and no performance fees are paid to Directors.

This remuneration policy has been in place since 1 November 2012 and will remain in place until the Annual General Meeting in 2017 unless it is amended by way of ordinary resolution put to shareholders at a general meeting. The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

Annual Statement

As Chairman, George Burnett reports on the decisions on Directors' remuneration taken in the year under review.

As reported in the Remuneration Report for the year ended 31 October 2013 and approved by Shareholders at the 2014 AGM, the Director's fees were increased with effect from 1 February 2014, as detailed on the following page. This increase followed a review of published information regarding the level of remuneration of directors of investment trusts. This found that the previous fee levels, which had been in place since 1 April 2012, were significantly below market levels which have risen generally in line with the increasing regulatory responsibilities of directors. This was also a potential deterrent to future recruitment, particularly of female directors who are currently in high demand.

There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

Annual Report on Remuneration

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the table below.

	Ordinary shares of 25p	
	31 October 2014	1 November 2013
George Burnett	20,289	18,588
Chris Hills	2,000	2,000
Peter Jones	5,000	2,500
Malcolm King	3,200	3,000
Peter May	10,540	6,040

On 18 November 2014 Peter Jones purchased 1,000 shares. His total holding is now 6,000 Ordinary shares.

In accordance with the Company's Articles of Association no Director is required to hold any shares of the company by way of qualification.

Directors' Remuneration Report (continued)

Directors' Fees and Expenses (audited)

The fees and expenses paid to the Directors who served during the years ended 31 October 2014 and 31 October 2013 were as follows:

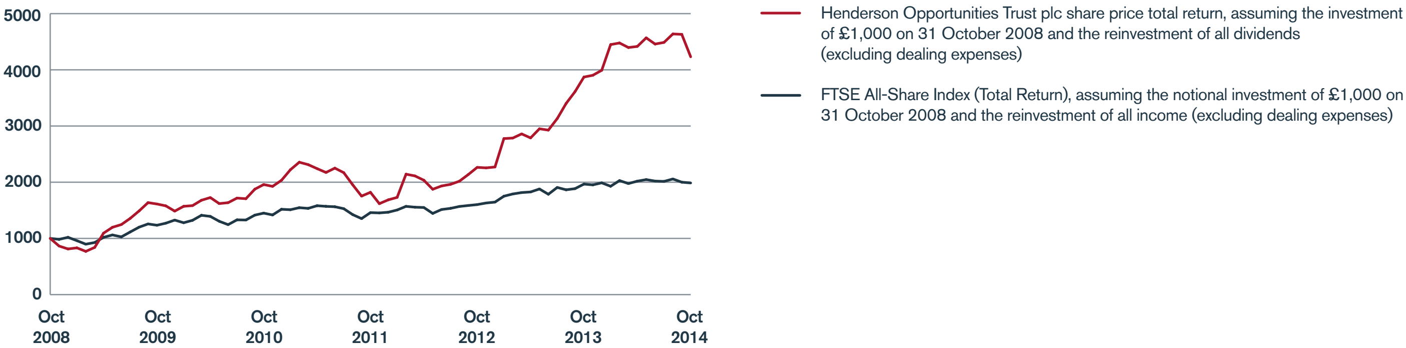
	Year ended 31 October 2014 Total salary and fees £	Year ended 31 October 2013 Total salary and fees £	Year ended 31 October 2014 Taxable benefits and expenses £	Year ended 31 October 2013 Taxable benefits and expenses £	Year ended 31 October 2014 Total £	Year ended 31 October 2013 Total £
George Burnett[1]	24,413	18,900	–	–	24,413	18,900
Chris Hills	16,275	12,600	–	–	16,275	12,600
Peter Jones	16,275	12,600	–	428	16,275	13,028
Malcolm King	16,275	12,600	–	–	16,275	12,600
Peter May[2]	20,343	15,750	–	414	20,343	16,164
Total	**93,581**	**72,450**	**–**	**842**	**93,581**	**73,292**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made
1 Chairman and highest paid Director
2 Chairman of the Audit Committee

The annual fees paid to the Directors are: Chairman £26,250, Audit Committee Chairman £21,875 and Directors £17,500, with effect from 1 February 2014. Previously the fees were: Chairman £18,900, Audit Committee Chairman £15,750, Director £12,600. No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Performance

The graph below compares the mid-market price of the Company's ordinary shares over the six year period ended 31 October 2014 with the return from the FTSE All-Share Index (Total Return) over the same period.



Source: Datastream

Relative Importance of Spend on Pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no share buy-backs or other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2014 £	2013 £	Change £
Total remuneration paid to Directors	93,581	73,292	20,289
Ordinary dividend paid during the year	869,000	741,000	128,000

Statement of Voting at Annual General Meeting ('AGM')

At the 2014 AGM 2,918,650 votes (98.6%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 32,245 (1.09%) were against, 9,154 (0.3%) were discretionary and 2,365 were withheld; the percentage of votes excludes votes withheld.

At the 2014 AGM 2,886,748 votes (98.0%) were received voting for the resolution seeking approval of the Directors' Remuneration Policy, 53,914 (1.83%) were against, 4,925 (0.2%) were discretionary and 16,357 were withheld; the percentage of votes excludes votes withheld.

For and on behalf of the Board

George Burnett
Chairman
12 February 2015

Corporate Governance Statement

This Corporate Governance Statement forms part of the Report of the Directors.

Applicable Corporate Governance Codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council ('FRC') are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2013 (the 'AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies (the 'AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of Compliance

The Directors believe that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive Directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In addition, all of the Company's day to day management and administrative functions are outsourced to third parties. The Company has no executive Directors, employees or internal operations.

All the Directors are non-executive, and as there is a Chairman and a Chairman of the Audit Committee amongst them, the appointment of a Senior Independent Director would be superfluous.

Directors

Directors' terms of appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for appointment by the shareholders at the next AGM in accordance with the Articles of Association.

Directors appointment and retirement

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company, a copy of which is available for inspection at the Company's registered office during normal business hours and at the Company's AGM.

The Directors' biographies, set out on page 15, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. The Board believes that retaining Directors with sufficient experience of both the Company and the markets is of great benefit to shareholders.

The Board believes that each of the Directors exercises independent judgement and that length of service does not diminish the contribution from a Director; indeed, a Director's experience and extensive knowledge of the Company can be a positive benefit to the Board. Further, the Board is conscious of the need to maintain continuity, particularly given the cyclical nature of the Company's markets. It believes that retaining some Directors with experience of past cycles, of both the Company and the markets, is of great benefit to shareholders. This view is supported by the AIC Code. There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a service contract with the Company.

No Director is entitled to compensation for loss of office on the takeover of the Company or otherwise.

The AIC Code states that any Director who has served for more than nine years is subject to annual re-election. The Directors who have served more than nine years and offer themselves for re-appointment at this year's AGM are George Burnett, Peter May and Max King.

The AIC Code requires all Directors to retire at intervals of not more than three years; the Company's Articles of Association also provide that one-third (but not more than one-third) of Directors must seek re-appointment at each AGM.

Peter Jones was elected to the Board at the AGM in March 2012 and in accordance with the Company's Articles of Association offers himself for re-election at the forthcoming AGM.

The contribution and performance of each of the Directors seeking re-appointment was reviewed by the Nominations Committee at its meeting in January 2015, which recommended to the Board the continuing appointment of each of those Directors.

Under the Articles of Association shareholders may remove a Director before the end of his term by passing a special resolution at a meeting. A special resolution is passed if more than 75% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

All Directors have a wide range of other interests and are not dependent on the Company itself. At the Nominations Committee meeting in January 2015, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of Henderson. The Board believes that length of service does not diminish the contribution from a Director as experience and knowledge of the Company is a positive factor and should not impact a Director's independence. It believes that longer serving Directors are less likely to take a short-term view, which belief is supported by the AIC Code. The Board has determined that all Directors are independent in character and judgement and

Corporate Governance Statement (continued)

that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' professional development

When a new Director is appointed he or she is offered an induction seminar which is held by Henderson at the request of the Chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover was in place in respect of the Directors throughout the financial year and remains in place at the date of this report. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court.

The Board

Board composition

The Board currently consists of five non-executive Directors and the biographies of those holding office at the date of this report are included on page 15. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. All Directors served throughout the year and all are resident in the UK.

Responsibilities of the Board and its Committees

The Board, which is chaired by George Burnett who is an independent non-executive Director, meets formally at least five times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Fund Manager and representatives of the Corporate Secretary between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings including strategy, management and structure, financial reporting and other communications, Board membership and other appointments, internal control and corporate governance.

The Board is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The Directors confirm that they are satisfied that the Annual Report for the year ended 31 October 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's net asset value ('NAV'), share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which Henderson has discretion to act and regularly reviews investment strategy. It has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Committees of the Board

The Board has three Committees: the Audit Committee, the Nominations Committee and the Management Engagement Committee. The terms of reference for these Committees are available on the website **www.hendersonopportunitiestrust.com** or via the Corporate Secretary.

A separate remuneration committee has not been established as the Board consists of only non-executive Directors. The whole Board is responsible for setting Directors' fees in line with the remuneration policy set out on page 24, which is subject to periodic shareholder approval.

Audit Committee

The Audit Committee comprises all of the Directors and is chaired by Peter May, who is a chartered accountant. The other Audit Committee members have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. All members of the Audit Committee are independent. The Report of the Audit Committee which forms part of the Corporate Governance Statement, can be found on pages 30 and 31.

Nominations Committee

All Directors are members of the Nominations Committee, which is chaired by the Chairman of the Board (who would not chair the Committee when the Chairman's successor was being considered). The Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and the recommendation to the Board on the appointment of new Directors through an established formal procedure.

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience, gender and diversity existing on the Board. The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a range of backgrounds, and each Director brings different qualities to the Board and its discussions.

Corporate Governance Statement (continued)

Given the small size of the Board, it is not considered appropriate for the Company to have set targets in relation to gender diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The Nominations Committee will recommend when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external agencies as and when the requirement to recruit an additional Board member becomes necessary. All appointments to the Board are based on merit and the skills needed to fill any gaps.

The Committee also reviews and recommends to the Board the Directors seeking re-appointment. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Committee also takes into account the mix of skills and experience of the current Board members. In accordance with the UK Code any Director serving for longer than six years would be subject to particularly rigorous assessment of his contribution.

The Committee met in January 2015 to carry out its annual review of the Board, its composition and size and its Committees. The results of the performance evaluation are detailed opposite.

Management Engagement Committee

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board.

The Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders and also for reviewing the performance and cost effectiveness of the Company's other service providers.

The Committee met in September 2014 to carry out its annual review of Henderson, the results of which are detailed on page 29.

Board attendance

The table below sets out the number of Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM in April 2014.

	Board	AC	MEC	NC
Number of meetings	**5**	**4**	**1**	**1**
George Burnett	5	4	1	1
Chris Hills	5	4	1	1
Peter Jones	5	4	1	1
Malcolm King	5	4	1	1
Peter May	5	4	1	1

AC: Audit Committee
MEC: Management Engagement Committee
NC: Nominations Committee

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividends, and new agreements required by the Alternative Investment Fund Managers Directive.

Performance evaluation

The performance of the Company is considered in detail at each Board meeting. In the year under review the Board has conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director. This was conducted by the Chairman having a private discussion with each Director and the Audit Committee Chairman speaking to each Director about the performance of the Chairman. It was concluded that each were satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each of the Directors makes a significant contribution to the affairs of the Company and the Chairman continues to display effective leadership and that Directors seeking re-election at the Company's AGM merit re-election by shareholders.

Internal controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process accords with advice issued by the FRC and is subject to regular review by the Board. The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, assisted by the Manager, has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 October 2014. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant. All business risks faced by the Company are recorded in a risk map which is reviewed periodically.

Henderson has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by Henderson's compliance, internal audit and risk departments on a continuing basis. The Board receives a formal report on a quarterly basis which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Henderson, and which reports the details of any known internal control failures. The Board receives a report on Henderson's internal controls each year which includes a report from Henderson's auditors on the control policies and procedures in operation.

The Board confirms that in the event of any significant failings or weakness identified from the annual review of effectiveness of the company's system of internal control, necessary action would be taken to remedy them.

The ongoing process for identifying, evaluating and managing significant risks faced by the Company has been in place throughout the year under review and up to the date of this report. Systems are in operation to safeguard the Company's assets and shareholders' investments, to

Corporate Governance Statement (continued)

maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As all of the Company's management functions are delegated to third parties, and the Board monitors the controls in place through Henderson's internal audit department, the Board feels that there is currently no need for the Company to have its own internal audit function.

Accountability and relationship with Henderson

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 23, the Independent Auditors' Report on pages 32 to 36 and the statement of going concern on page 21.

The Board has delegated contractually to external third parties, including Henderson, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets which is delegated through the appointment of the depositary as explained on page 19), the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The provision of day to day accounting services by BNP Paribas Securities Services, will be moved to Dundee from London to the larger centralised accounting team during 2015. The Board has been advised that the Dundee office has the same control procedures and processes as the London office and considerable investment trust accounting experience.

The Board receives and considers regular reports from Henderson and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Henderson which provide a forum to discuss industry matters which would then be reported to the Board.

Henderson takes decisions as to the purchase and sale of individual investments. Henderson also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Henderson attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board and Henderson operate in a supportive, co-operative and open environment.

Henderson and BNP Paribas Securities Services, which acts for Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Continued appointment of Henderson

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with Henderson are contained on page 6.

In addition to the monitoring of investment performance at each meeting, through the Management Engagement Committee, an annual review of the Company's investment performance over both the short and longer terms, together with the quality of other services provided by Henderson, including company secretarial and accounting is undertaken.

It is the Directors' opinion that the continuing appointment of Henderson on the existing terms is in the interests of the Company and its shareholders as a whole.

Share Capital

Please see the Report of the Directors on page 21.

Relations with Shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service and a monthly fact sheet which is available on the website.

The Board considers that shareholders should be encouraged to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting and the Fund Manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the Annual Report and notice of AGM be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Corporate Secretary at the registered office address given on page 16 of this report.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between Henderson and shareholders are reported to the Board.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
12 February 2015

Report of the Audit Committee

Meetings

The Audit Committee met four times during the year under review. The Company's auditors are invited to attend meetings as necessary. Representatives of Henderson and BNP Paribas Securities Services may also be invited.

Role and Responsibilities

The role of the Audit Committee is to assist the Board in applying the financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were:

- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- consideration of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Henderson;
- consideration of the appropriate level of dividend to be paid by the Company;
- consideration of the internal controls in place at Henderson and BNP Paribas Securities Services as administrator and Henderson's policies in relation to cyber risk and business continuity, meeting with representatives of Henderson's internal audit and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's anti-bribery policy;
- consideration of the nature and scope of the external audit and the findings therefrom;
- annual consideration of whether there is a need for an internal audit function, as described on pages 28 and 29;
- consideration of the appointment of the auditors and their performance and remuneration, including the consequences of the appointment of PricewaterhouseCoopers LLP ('PwC') as auditor to Henderson (see page 31);
- consideration of the auditors' independence and objectivity and the provision of any non-audit services (as explained further on page 31);
- consideration of the whistle blowing policy that Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The policy includes the necessary arrangements for independent investigation and follow up action; and
- consideration of the management fee and performance fee calculations.

Audit for the Year Ended 31 October 2014

In relation to the Annual Report for the year ended 31 October 2014 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both Henderson's fair value pricing committee and by the Directors. Ownership is verified by reconciliation to the custodian's records.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out on pages 41 to 43) and is reviewed by the Committee at each meeting.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times.
Performance fee	The calculation of the performance fee payable to Henderson is reviewed by the Audit Committee before being approved by the Board.
Maintaining internal controls	The Committee receives regular reports on internal controls from Henderson and its delegates and has access to the relevant personnel of Henderson who have a responsibility for risk management and internal audit.
Resource risk	The Company has no employees and most of its day-to-day activities are delegated to third parties. The Board monitors the performance of third party suppliers on an ongoing basis.

Report of the Audit Committee (continued)

Policy on Non-Audit Services

The provision of non-audit services by the Company's auditors is considered and approved by the Audit Committee on a case by case basis. The policy set by the Audit Committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

The Board has determined that the auditors will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.

Auditors' Appointment

The Audit Committee has considered the implications of PwC being appointed as auditors of Henderson. The Audit Committee is satisfied that the auditors are independent of the Company as the audit teams for Henderson and the Company are independent of each other and strong controls are in place to ensure such independence. The Audit Committee remains satisfied with the effectiveness of the audit provided by PwC.

PwC or their predecessor have been the Company's auditors since inception. The appointment of the auditors is not regularly put out to tender and as the Company is not in the FTSE 350 it is not required to do so on a regular basis. However, performance is regularly reviewed by the Audit Committee. The Company will be subject to the EU's audit tendering and rotation requirements from 2016, which is expected to mean that the Company needs to tender the external audit at least every ten years and change auditors at least every twenty years.

On the basis of the auditors' performance the Audit Committee recommended their continuing appointment to the Board with no tender necessary. The auditors have indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of PwC as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Fees paid or payable to the auditors are detailed in note 6 on page 44.

For and on behalf of the Board

Peter May
Audit Committee Chairman
12 February 2015

Independent auditors' report to the members of Henderson Opportunities Trust plc

Report on the financial statements

Our opinion

In our opinion, Henderson Opportunities Trust plc's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 October 2014 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Henderson Opportunities Trust plc's financial statements comprise:

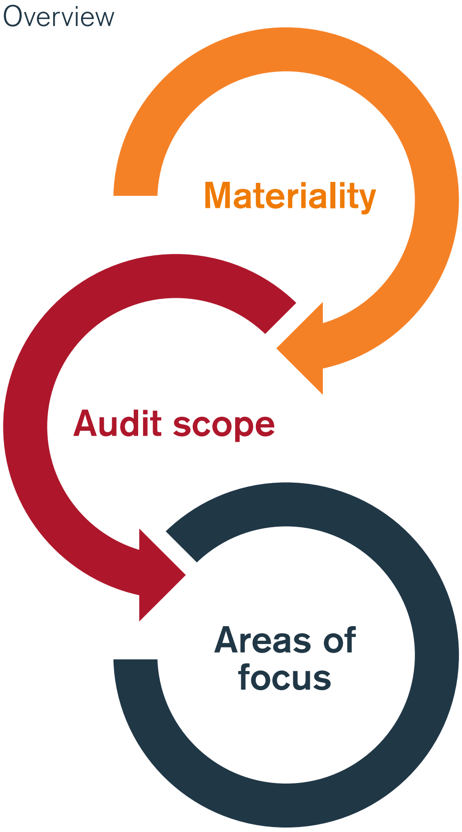
- the Balance Sheet as at 31 October 2014;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview



- Overall materiality: £723,000 which represents 1% of net assets.

- The Company is a standalone Investment Trust Company and engages Henderson Investment Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements at BNP Paribas Securities Services (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

- Valuation and existence of investments.
- Income from investments held at fair value through profit or loss.
- Performance fee.

Independent auditors' report to the members of Henderson Opportunities Trust plc (continued)

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Refer to page 30 (Report of the Audit Committee), page 41 (Accounting policies) and page 46 (Notes to the Financial Statements). The investment portfolio at the year-end principally comprised listed equity investments valued at £82 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from HSBC Bank plc.
Income from investments held at fair value through profit or loss Refer to page 30 (Report of the Audit Committee), page 41 (Accounting policies) and page 43 (Notes to the Financial Statements). We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 1 (e) on page 41 of the financial statements. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of special dividends to independent third party sources.
Performance fee Refer to page 30 (Report of the Audit Committee), page 42 (Accounting policies) and page 43 (Notes to the Financial Statements). A performance fee is payable for the year of £149,000. We focused on this area because the performance fee is calculated using a complex methodology as set out in the Investment Management Agreement between the Company and the Manager.	We tested the performance fee of £149,000 and agreed the inputs to the calculation, including the benchmark data, to independent third party sources, where applicable. We tested the allocation of the performance fee between the revenue and capital return columns of the Income Statement with reference to the accounting policy as set out on page 42.

Independent auditors' report to the members of Henderson Opportunities Trust plc (continued)

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to the Administrator who maintain their own accounting records and controls and report to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. We then identified those key controls at the Administrator on which we could place reliance to provide audit evidence.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£723,000 (2013: £704,000).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £36,000 (2013: £35,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the Directors' statement, set out on page 21, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion
In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Henderson Opportunities Trust plc (continued)

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▪ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
▪ the statement given by the Directors on page 23, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
▪ the section of the Annual Report on page 30, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Independent auditors' report to the members of Henderson Opportunities Trust plc (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sally Cosgrove (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 February 2015

Income Statement

Notes		Year ended 31 October 2014 Revenue return £'000	Year ended 31 October 2014 Capital return £'000	Year ended 31 October 2014 Total £'000	Year ended 31 October 2013 Revenue return £'000	Year ended 31 October 2013 Capital return £'000	Year ended 31 October 2013 Total £'000
2	Gains from investments held at fair value through profit or loss	–	1,869	1,869	–	21,966	21,966
3	Income from investments held at fair value through profit or loss	1,697	–	1,697	1,477	–	1,477
4	Other interest receivable and other income	18	–	18	20	–	20
	Gross revenue and capital gains	**1,715**	**1,869**	**3,584**	**1,497**	**21,966**	**23,463**
5	Management and performance fee	(151)	(502)	(653)	(200)	(200)	(400)
6	Other administrative expenses	(282)	–	(282)	(220)	–	(220)
	Net return on ordinary activities before finance charges and taxation	**1,282**	**1,367**	**2,649**	**1,077**	**21,766**	**22,843**
7	Finance charges	(71)	(166)	(237)	(79)	(79)	(158)
	Net return on ordinary activities before taxation	**1,211**	**1,201**	**2,412**	**998**	**21,687**	**22,685**
8	Taxation	–	–	–	–	–	–
	Net return on ordinary activities after taxation	**1,211**	**1,201**	**2,412**	**998**	**21,687**	**22,685**
9	Return per ordinary share – basic and diluted	15.17p	15.04p	30.21p	12.53p	272.27p	284.80p

The total columns of this statement represent the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. No operations were acquired or discontinued during the year. The Company had no recognised gains or losses other than those disclosed in the Income Statement. There is no material difference between the return on ordinary activities before taxation and the return for the financial year stated above and their historical cost equivalents.

The notes on pages 41 to 53 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 October

Notes	Year ended 31 October 2014	Called up share capital £'000	Share premium account[1] £'000	Capital redemption reserve[1] £'000	Other capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
	At 1 November 2013	2,007	14,522	2,415	50,089	1,401	70,434
10	Dividends paid on the ordinary shares	–	–	–	–	(869)	(869)
	Net return on ordinary activities after taxation	–	–	–	1,201	1,211	2,412
	Issue of ordinary shares following conversion of subscription shares	9	325	–	–	–	334
	Costs in respect of shares issued	–	(9)	–	–	–	(9)
	Expiry of subscription shares	(16)	–	16	–	–	–
	At 31 October 2014	**2,000**	**14,838**	**2,431**	**51,290**	**1,743**	**72,302**

	Year ended 31 October 2013	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 1 November 2012	2,007	14,522	2,415	28,402	1,144	48,490
10	Dividends paid on the ordinary shares	–	–	–	–	(741)	(741)
	Net return on ordinary activities after taxation	–	–	–	21,687	998	22,685
	At 31 October 2013	**2,007**	**14,522**	**2,415**	**50,089**	**1,401**	**70,434**

1 Distributions can be made from the 'revenue reserve' and from realised gains in 'other capital reserves'. Distributions cannot be made from the 'share premium account' or the 'capital redemption reserve'

The notes on pages 41 to 53 form part of these financial statements

Balance Sheet

at 31 October

Notes		2014 £'000	2013 £'000
11	**Investments held at fair value through profit or loss**		
	Listed at market value	49,740	52,902
	Quoted on AIM at market value	32,579	27,528
		82,319	**80,430**
	Current assets		
12	Investment held at fair value through profit or loss	2	2
13	Debtors	806	216
	Cash at bank and in hand	1,490	232
		2,298	**450**
14	**Creditors: amounts falling due within one year**	(12,315)	(10,446)
	Net current liabilities	**(10,017)**	**(9,996)**
	Net assets	**72,302**	**70,434**
	Capital and reserves		
16	Called up share capital	2,000	2,007
	Share premium account	14,838	14,522
17	Capital redemption reserve	2,431	2,415
17	Other capital reserves	51,290	50,089
	Revenue reserve	1,743	1,401
	Total shareholders' funds	**72,302**	**70,434**
18	**Net asset value per ordinary share (basic and diluted)**	903.7p	884.3p

These financial statements on pages 37 to 53 were approved and authorised for issue by the Board of Directors on 12 February 2015 and were signed on their behalf by:

George Burnett
Chairman

The notes on pages 41 to 53 form part of these financial statements

Cash Flow Statement

for the year ended 31 October

Notes		2014 £'000	2014 £'000	2013 £'000	2013 £'000
19	**Net cash inflow from operating activities**		**908**		**907**
	Servicing of finance				
	Interest paid	(237)		(160)	
	Net cash outflow from servicing of finance		**(237)**		**(160)**
	Financial investment				
	Purchases of investments	(23,815)		(14,267)	
	Sales of investments	21,951		12,897	
	Net cash outflow from financial investment		**(1,864)**		**(1,370)**
	Equity dividends paid		(869)		(741)
	Net cash outflow before management of liquid resources and financing		**(2,062)**		**(1,364)**
	Financing				
	Proceeds from issue of ordinary shares	334		–	
	Expenses paid in respect of ordinary share issue	(4)		–	
	Net drawdown of loans*	2,990		1,347	
	Net cash inflow from financing		**3,320**		**1,347**
	Increase/(decrease) in cash		**1,258**		**(17)**

Reconciliation of net cash flow to movement in net debt for the year ended 31 October

Notes		2014 £'000	2013 £'000
	Increase/(decrease) in cash as above	1,258	(17)
	Net cash inflow from increase in loans	(2,990)	(1,347)
	Movement in net debt	**(1,732)**	**(1,364)**
	Net debt at the start of the year	(8,613)	(7,249)
20	**Net debt at the end of the year**	**(10,345)**	**(8,613)**

*Comparatives are restated to be shown on a net basis

The notes on pages 41 to 53 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of investments at fair value through profit or loss. The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under the standards and with the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('the AIC') in January 2009. The Company's accounting policies are consistent with the prior year.

b) Going concern

The Company's Articles of Association require that at the Annual General Meeting of the Company held in 2008, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolutions put to the Annual General Meetings in 2011 and in 2014 were duly passed. The next triennial continuation resolution will be put to the Annual General Meeting in 2017. The assets of the Company consist almost entirely of securities that are listed (or quoted on AIM) and, accordingly, the Directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons, the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Investments held at fair value through profit or loss

Listed investments and investments quoted on AIM have been designated by the Board as held at fair value through profit or loss. Investments are recognised at fair value on acquisition and are measured thereafter at fair value. Fair value is deemed to be the bid price or the last trade price, depending on the convention of the exchange on which the investment is quoted.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'gains or losses from investments held at fair value though profit or loss'. Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investments. All purchases and sales are accounted for on a trade date basis.

d) Foreign currency

The results and financial position of the Company are expressed in sterling, which is the functional currency and presentation currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss, which are denominated in foreign currencies at the balance sheet date, are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital return or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of the Directors, the dividend is capital in nature, in which case it is taken to the capital return. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital. Interest income is accrued on a time apportionment basis, by reference to the principal outstanding at the effective interest rate applicable.

Where the Company enters into a commitment to sub-underwrite an issue of securities, in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return.
Net gains are allocated to the revenue return.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Management fees, administrative expenses and finance charges

All expenses and finance charges are accounted for on an accruals basis.

The Board has determined that the capital return should reflect the indirect costs of earning capital returns. Since 1 November 2013, the Company has allocated 70% of its management fees and finance charges to the capital return of the Income Statement with the remaining 30% being allocated to the revenue return (2013: 50% to capital return and 50% to revenue return).

The management fee is calculated quarterly in arrears, as 0.60% per annum of the net chargeable assets, with assets in excess of £100 million charged at 0.50% per annum. A performance fee of £149,000 was earned in the period, (2013: £ nil). Performance fees payable are allocated 100% to the capital return.

All other administrative expenses are charged to the revenue return of the Income Statement.

Expenses which are incidental to the purchase or sale of an investment are recognised immediately in the capital return of the Income Statement, and are included within the gains/losses from investments held at fair value through profit or loss.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

h) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

i) Cash and liquid resources

For the purposes of the cash flow statement, cash comprises bank deposits that are repayable on demand and bank overdrafts. Liquid resources comprise readily disposable shares of value that do not qualify as cash, and include investments in money market funds as explained more fully in note 12.

j) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders.

k) The issue and repurchase of ordinary shares and the associated costs

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury), the proceeds of conversion of subscription shares into ordinary shares and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to the equity. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and dealt with in the share premium account. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

l) Capital reserves

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

2 Gains from investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Gains on sale of investments based on historical cost	9,374	4,945
Revaluation gains recognised in previous years	(6,292)	(2,068)
Gains on investments sold in the year based on carrying value at previous balance sheet date	**3,082**	**2,877**
Revaluation of investments held at 31 October	(1,213)	19,089
	1,869	**21,966**

3 Income from investments held at fair value through profit or loss

	2014 £'000	2013 £'000
UK:		
Dividends from listed investments	1,173	1,134
Dividends from AIM investments	321	218
	1,494	**1,352**
Non-UK:		
Dividends from listed investments	203	125
	1,697	**1,477**

4 Other interest receivable and other income

	2014 £'000	2013 £'000
Underwriting commission (allocated to revenue)[1]	18	20

1 During the year the Company was not required to take up shares; no commission was taken to capital (2013: no shares taken up and no commission taken to capital).

5 Management and performance fee

	2014			2013		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee[3]	151	353	504	200	200	400
Performance fee	–	149	149	–	–	–
	151	**502**	**653**	**200**	**200**	**400**

1 The basis on which the management fee is calculated is set out on page 6 in the Strategic Report
2 The allocation between revenue return and capital return is explained in note 1(f) on page 42
3 The 2014 fee is net of £4,500 (2013: £nil) paid by Henderson on behalf of the Company in respect of audit fees (see Note 6)

Notes to the Financial Statements (continued)

6 Other administrative expenses (all charged to revenue)

	2014 £'000	2013 £'000
Auditors' remuneration for audit services*	26	21
Directors' fees (see the Directors' Remuneration Report on page 25)	94	73
Directors' and officers' liability insurance	5	4
Listing and regulatory fees	19	17
Custody fees	9	7
Depositary fees	3	–
Printing and postage	29	18
Registrar's fees	11	9
Marketing expenses payable to Henderson	20	23
Bank facilities: non-utilisation fees	22	20
Other expenses	24	15
Irrecoverable VAT	20	13
	282	**220**

All transactions with Directors are disclosed in the Directors' Remuneration Report and are related party transactions.

*Of the total audit fees for 2014, £4,500 (2013: £nil) was paid by Henderson, on behalf of the Company via a reduction in the management fees

7 Finance charges

	2014			2013		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
On bank loans and overdrafts	71	166	237	79	79	158

The allocation between revenue return and capital return is explained in note 1(f) on page 42.

8 Taxation

a) Factors affecting the tax charge for the year

Approved investment trusts are exempt from tax on realised capital gains.

The tax assessed for the year is lower (2013: lower) than the effective rate of corporation tax in the UK for the year ended 31 October 2014 of 21.83% (2013: 23.42%).

The tax charge for the year ended 31 October 2014 is £nil (2013: £nil).

The differences are explained below:

	2014			2013		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return on ordinary activities before taxation	**1,211**	**1,201**	**2,412**	**998**	**21,687**	**22,685**
Corporation tax at 21.83% (2013: 23.42%)[1]	264	262	526	234	5,079	5,313
Non-taxable UK dividends	(326)	–	(326)	(316)	–	(316)
Non-taxable overseas dividends	(44)	–	(44)	(29)	–	(29)
Expenses not utilised in the year	252	–	252	176	–	176
Capital expenses available to be utilised	(146)	146	–	(65)	65	–
Capital gains not subject to tax	–	(408)	(408)	–	(5,144)	(5,144)
Current tax charge	**–**	**–**	**–**	**–**	**–**	**–**

1 The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.83%

Notes to the Financial Statements (continued)

8 Taxation (continued)

b) Provision for deferred taxation

Because of the Company's status as an investment trust, and the intention that it will continue to meet the conditions required to obtain approval as such in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

c) Factors that may affect future tax charges

The Company has not recognised a potential deferred tax asset of £2,964,000 (2013: £2,735,000), arising as a result of unutilised management expenses and non trade loan relationship deficits. These expenses could only be utilised if the Company were to generate taxable profits in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

9 Return per ordinary share

The total return per ordinary share is based on the total return attributable to the ordinary shares of £2,412,000 (2013: £22,685,000) and on 7,983,365 ordinary shares (2013: 7,965,179) being the weighted average number of shares in issue during the year.

The total return can be further analysed as follows:

	2014 £'000	2013 £'000
Revenue return	1,211	998
Capital return	1,201	21,687
Total return	**2,412**	**22,685**
Weighted average number of ordinary shares	**7,983,365**	**7,965,179**

	2014	2013
Revenue return per ordinary share	15.17p	12.53p
Capital return per ordinary share	15.04p	272.27p
Total return per ordinary share	**30.21p**	**284.80p**

10 Dividends

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 October 2013 of 7.2p (2012: 6.0p)	573	478
Interim dividend for the year ended 31 October 2014 of 3.7p (2013: 3.3p)	296	263
	869	**741**

The final dividend of 7.2p per ordinary share in respect of the year ended 31 October 2013 was paid on 2 May 2014 to shareholders on the register of members at the close of business on 28 March 2014.

The interim dividend of 3.7p per ordinary share in respect of the year ended 31 October 2014 was paid on 26 September 2014 to shareholders on the register of members at close of business on 22 August 2014.

Subject to approval at the Annual General Meeting, the proposed final dividend of 8.8p per ordinary share will be paid on 31 March 2015 to shareholders on the register of members at the close of business on 20 February 2015.

Notes to the Financial Statements (continued)

10 Dividends (continued)

The total dividends payable in respect of the financial year, which form the basis of the test under section 1158 of the Corporation Tax Act 2010, are set out below:

	Year ended 31 October 2014 £'000	Year ended 31 October 2013 £'000
Revenue available for distribution by way of dividends for the year	1,211	998
Interim dividend for the year ended 31 October 2014: 3.7p (2013: 3.3p)	(296)	(263)
Proposed final dividend for the year ended 31 October 2014: 8.8p (based on the 8,000,858 ordinary shares in issue at 12 February 2015) (2013: 7.2p on 7,965,168 shares)	(704)	(573)
Undistributed revenue for section 1158 purposes[1]	**211**	**162**

1 Undistributed revenue comprises 12.3% of income of £1,715,000 (2013: undistributed revenue comprised 10.8% of income of £1,497,000.)

11 Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Valuation at 1 November	80,430	56,017
Investment holding gains at 1 November	(27,936)	(10,915)
Cost at 1 November	**52,494**	**45,102**
Purchases at cost	22,452	15,244
Sales at cost	(13,058)	(7,852)
Cost at 31 October	**61,888**	**52,494**
Investment holding gains at 31 October	20,431	27,936
Valuation of investments at 31 October	**82,319**	**80,430**

All the investments were equity investments, with the exception of Kenmare Resources and Snoozebox warrants with a value of £9,000 (2013: £23,000).

Total transaction costs amounted to £77,000 (2013: £73,000) of which purchase transaction costs for the year ended 31 October 2014 were £56,000 (2013: £59,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2014 were £21,000 (2013: £14,000). These comprise mainly commissions.

Substantial interests in investments

As at 31 October 2014 the Company held an interest in 3% or more of any class of share capital in Electric Word (2013: same). This investment is not considered material in the context of these accounts for either year.

12 Current asset investment

The Company has a holding in Deutsche Global Managed Platinum Income Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short term deposit. At 31 October 2014 this holding had a value of £2,000 (2013: £2,000).

13 Debtors

	2014 £'000	2013 £'000
Sales for future settlement	553	72
Prepayments and accrued income	252	144
Tax recoverable	1	–
	806	**216**

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Unsecured sterling loans (see note 15.6)	11,837	8,847
Purchases for future settlement	–	1,363
Taxation and social security	6	1
Issue costs payable	5	–
Loan interest payable	16	16
Other creditors	451	219
	12,315	**10,446**

15 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 6. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below.

- straight-through processing via a deal order and management system ('OMS') is utilised for listed securities.
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises Hiportfolio software.
- the IT tools to which the Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:

  – Charles River Compliance module for investment restrictions monitoring;
  – Arc Logics operational risk database;
  – Riskmetrics for VaR statistics, stress-testing and back-testing;
  – UBS Delta, Style Research, Finanalytica and Barra Aegis for market risk measurement;
  – Bloomberg for market data and price-checking; and
  – Hiportfolio for portfolio holdings and valuations.

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). The Board reviews and agrees policies for managing these risks. The Portfolio Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Market price risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of investments.

The Company's exposure to market price risk at 31 October 2014 and at 31 October 2013, is represented by the investments it holds, as shown on the Balance Sheet on page 39 under the heading 'Investments held at fair value through profit or loss'.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Manager's compliance with the Company's objective and is responsible for investment strategy and asset allocation.

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 12 and 13. This shows that the value of the investments is primarily in companies that are listed or quoted in the UK. Accordingly, there is a concentration of exposure to market price risk in the UK, although it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The following table illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 40% in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of recent market conditions.

Sensitivity analysis – market prices if prices change by 40%

	2014		2013	
	If prices go up £'000	If prices go down £'000	If prices go up £'000	If prices go down £'000
Investments (excluding investments in money market funds)	82,319	82,319	80,430	80,430
Impact on the income statement:				
Revenue return[1]	(55)	59	(95)	96
Capital return[1]	32,800	(32,790)	32,077	(32,075)
Impact on net assets and total return	**32,745**	**(32,731)**	**31,982**	**(31,979)**

1 Allocation of management fees to capital was 70% (2013: 50%)

15.1.2 Currency risk

A small proportion of the Company's assets, liabilities and income may be denominated in currencies other than sterling (the Company's functional currency and presentation currency). As a result, movements in exchange rates may affect the sterling value of those items. The Company had £nil cash at bank at 31 October 2014 (2013: £7,000) denominated in foreign currency. This is not material to the Company.

Management of the risk

The Manager monitors the Company's exposure to foreign currencies and reports any significant changes to the Board. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure and sensitivity

The Company's investments are predominantly in sterling-based securities and its exposure to currency risk is not considered material.

15.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from interest-bearing securities, money market funds and cash at bank and on deposit
- the interest payable on the Company's variable rate borrowings.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the Company's bank loan facility. The Company, generally, may make use of money market fund placings and does not hold significant cash balances; it uses short term borrowings when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk (continued)

Interest rate exposure

The Company's exposure at 31 October 2014 and at 31 October 2013 of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset.

	2014 Within one year £'000	2013 Within one year £'000
Exposure to floating interest rates:		
Cash at bank	1,490	232
Money market funds	2	2
Creditors – within one year:		
Borrowings under loan facility	(11,837)	(8,847)
Total exposure to interest rates	**(10,345)**	**(8,613)**

Interest receivable and finance costs are at the following rates:

- interest received on cash balances and money market funds, or paid on bank overdrafts, is at a margin linked to LIBOR (2013: same)
- interest paid on borrowings under the loan facility is at a margin over LIBOR for the type of loan. The weighted average interest rate of these is 1.6% as at 31 October 2014 (2013: 2.1%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with National Australia Bank and money market funds balances. The sensitivity is as follows: borrowings vary throughout the year as a result of the Board's borrowing policy. Net borrowings at the year end were £10,345,000 (2013: £8,613,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in LIBOR (up or down) would decrease or increase total net return on ordinary activities after taxation and shareholders' funds by £207,000 (2013: £172,000).

15.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has unsecured sterling loan facilities totalling £17,000,000 (2013: £12,000,000) and an overdraft facility with the Custodian, the extent of which is determined by the Custodian on a regular basis by the value of the securities held by it on behalf of the Company. The facilities are subject to regular review.

The Board gives guidance to the Manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short term borrowings be used to manage short term cash requirements.

The contractual maturities of the financial liabilities at 31 October based on the earliest date on which payment can be required are as follows:

	2014		2013	
	Due within one month £'000	Due between one and three months £'000	Due within one month £'000	Due between one and three months £'000
Bank overdrafts, loans and interest	4,817	7,060	5,834	3,042
Other creditors	462	–	147	–
	5,279	**7,060**	**5,981**	**3,042**

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed regularly by the Manager, and limits are set on the amount that may be due from any one broker
- cash at bank is held only with reputable banks with high quality external credit ratings or through a money market fund that uses such banks.

In summary, the exposure to credit risk at 31 October 2014 was to cash at bank and money market funds of £1,492,000 (2013: £234,000) and to debtors of £808,000 (2013: £216,000) (see note 13).

15.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (sales for future settlement, dividends and interest receivable, purchases for future settlement, accruals, cash at bank, bank overdrafts and amounts due under the loan facility).

15.5 Fair value hierarchy disclosures

The tables below set out fair value measurements using the FRS 29 fair value hierarchy.

Fair value hierarchy at 31 October 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	82,319	–	–	82,319
Current asset investments	2	–	–	2
	82,321	**–**	**–**	**82,321**

Fair value hierarchy at 31 October 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	80,430	–	–	80,430
Current asset investments	2	–	–	2
	80,432	**–**	**–**	**80,432**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the revenue and capital returns to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 31 October 2014 comprised its share capital, reserves and loans (as shown in note 14) that are included in the Balance Sheet at a total of £84,139,000 (2013: £79,281,000).

The Board, with the assistance of the Fund Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's view on the market
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market
- the need for new issues of equity shares, including allotments from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to several externally imposed capital requirements:

- borrowings under the current loan facility must not exceed 35% of the adjusted net asset value (as defined by the bank providing the loan facility) and the adjusted net asset value must not be less than £30 million at any time
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

In September 2014 the Company negotiated a three year revolving credit facility of £17 million ('the Facility') with National Australia Bank.

16 Called up share capital

	2014 £'000	2013 £'000
Allotted, issued and fully paid:		
8,000,858 ordinary shares of 25p each (2013: 7,965,188)	2,000	1,991
1,639,652 subscription shares of 1p each (2013 only)	–	16
	2,000	**2,007**

There were 1,639,652 subscription shares of 1p each in issue at 31 October 2013. The subscription shares were issued, as a bonus issue to the ordinary shareholders, on 19 January 2007. During the year ended 31 October 2014, 35,670 of the Company's subscription shares were converted into ordinary shares (2013: 20). The remaining 1,603,982 subscription shares were subsequently cancelled.

Notes to the Financial Statements (continued)

17 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2013	2,415	22,153	27,936	50,089
Transfer on disposal of investments	–	6,292	(6,292)	–
Net gains on investments	–	3,082	(1,213)	1,869
Expenses and finance charges allocated to capital	–	(668)	–	(668)
Expiry of subscription shares	16	–	–	–
At 31 October 2014	**2,431**	**30,859**	**20,431**	**51,290**

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2012	2,415	17,487	10,915	28,402
Transfer on disposal of investments	–	2,068	(2,068)	–
Net gains on investments	–	2,877	19,089	21,966
Expenses and finance charges allocated to capital	–	(279)	–	(279)
At 31 October 2013	**2,415**	**22,153**	**27,936**	**50,089**

18 Net asset value per ordinary share

The net asset value per ordinary share at the year end was 903.7p (2013: 884.3p). The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £72,302,000 (2013: £70,434,000) and on the 8,000,858 ordinary shares in issue at 31 October 2014 (2013: 7,965,188). No subscription shares were in issue at 31 October 2014. There was no dilution of the net asset value per ordinary share in respect of the conversion rights attaching to the 1,639,652 subscription shares in issue on 31 October 2013.

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2014 £'000	2013 £'000
Total net assets at 1 November	70,434	48,490
Total net return	2,412	22,685
Dividends paid in the year	(869)	(741)
Shares issued (after costs)	325	–
Total net assets at 31 October	**72,302**	**70,434**

19 Reconciliation of net return on ordinary activities before taxation to net cash flow from operating activities

	2014 £'000	2013 £'000
Net return on ordinary activities before finance charges and taxation	2,649	22,843
Less: capital return on ordinary activities before finance charges and taxation	(1,367)	(21,766)
Net revenue return on ordinary activities before finance charges and taxation	**1,282**	**1,077**
Increase in prepayments and accrued income	(108)	(1)
Increase in other creditors	237	31
Management and performance fees charged to capital return	(502)	(200)
Taxation suffered	(1)	–
Net cash inflow from operating activities	**908**	**907**

Notes to the Financial Statements (continued)

20 Analysis of changes in net debt

	1 November 2013 £'000	Cash Flow £'000	31 October 2014 £'000
Cash at bank	232	1,258	1,490
Liquid resources	2	–	2
Bank loans falling due within one year	(8,847)	(2,990)	(11,837)
Net debt	**(8,613)**	**(1,732)**	**(10,345)**

	1 November 2012 £'000	Cash Flow £'000	31 October 2013 £'000
Cash at bank	249	(17)	232
Liquid resources	2	–	2
Bank loans falling due within one year	(7,500)	(1,347)	(8,847)
Net debt	**(7,249)**	**(1,364)**	**(8,613)**

21 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2014 (2013: £nil).

Contingent commitments

At 31 October 2014 there were no commitments in respect of sub-underwriting (2013: £nil).

22 Transactions with the Manager

Under the terms of the management agreement, the Company has appointed wholly owned subsidiary companies of Henderson Group plc ('Henderson') to provide investment management, accounting, administrative and company secretarial services. Henderson has contracted with BNP Paribas Securities Services to provide accounting and administrative services.

Details of the fee arrangements with the Manager for these services are given on page 6 in the Business Model section in the Strategic Report. The fees payable under these arrangements are shown in note 5 on page 43. The other fees payable to the Manager are shown in note 6 on page 44.

The management fees payable to Henderson under this agreement in respect of the year ended 31 October 2014 were £504,000 (2013: £400,000) of which £167,000 was outstanding at 31 October 2014 (2013: £149,000). A performance fee of £149,000 was payable to Henderson in respect of the year ended 31 October 2014 (2013: £nil).

In addition to the above services, Henderson has provided the Company with marketing services. The total fees payable for these services for the year ended 31 October 2014 were £20,000 excluding VAT (2013: £23,000), of which £10,000 was outstanding at 31 October 2014 (2013: £10,000).

General Shareholder Information

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 16) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Disability act

Copies of this report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0870 702 1059. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FCA restrictions

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA') rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

The market prices of the Company's shares and can be found in the London Stock Exchange Daily Official List.

Performance details/share price information

Details of the Company's share price and NAV can be found on the website. The address is **www.hendersonopportunitiestrust.com**. The Company's NAV is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via **www.computershare.com**.

Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Investors in Halifax Share Dealing and Henderson ISAs receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Company Secretary at the number provided on page 16.

Alternative Investment Fund Managers Directive Disclosures (unaudited)

Henderson and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a Key Investor Information Document ('KIID') which can be found on the Company's website **www.hendersonopportunitiestrust.com**. There have been no material changes to the disclosures contained within the KIID since publication in July 2014.

The periodic disclosures to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report. A full list of portfolio holdings is included on pages 12 and 13.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report and note 15 to the accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Henderson.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. It is therefore anticipated that the Henderson Remuneration Policy and associated financial disclosures will be made with the Company's Annual Report from 2016.

Leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed overleaf. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Association. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities.

Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Henderson is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- include derivative instruments which are converted into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable.

Alternative Investment Fund Managers Directive Disclosures (unaudited) (continued)

Exposure values under the commitment method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The calculation of leverage assumes that a leverage percentage of 100% equates to zero leverage. A percentage above 100% would mean that the portfolio had leverage equal to the percentage amount above 100%.

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	As a percentage of net assets	
	Gross method	Commitment method
Maximum level of leverage	300%	300%
Actual level at 31 October 2014	115%	117%

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement.

Changes to the information contained either within this Annual Report or the KIID in relation to any special arrangements in place, the maximum level of leverage which the Manager may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

Henderson Opportunities Trust plc
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